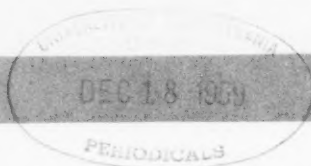


THE DEPARTMENT OF STATE



Bulletin



Vol. XLI, No. 1068

December 14, 1959

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THE DEPARTMENT OF STATE

Bulletin

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The Department of State BULLETIN, a weekly publication issued by the Office of Public Services, Bureau of Public Affairs, provides the public and interested agencies of the Government with information on developments in the field of foreign relations and on the work of the Department of State and the Foreign Service. The BULLETIN includes selected press releases on foreign policy, issued by the White House and the Department, and statements and addresses made by the President and by the Secretary of State and other officers of the Department, as well as special articles on various phases of international affairs and the functions of the Department. Information is included concerning treaties and international agreements to which the United States is or may become a party and treaties of general international interest.

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Building Growth in Freedom: Greatest Challenge of the Sixties

by Under Secretary Dillon¹

In international affairs the greatest challenge of the sixties will be posed by two developments which have been taking shape over the decade and a half since the end of World War II.

The first is the social-economic revolution which is sweeping vast areas of the free world in Asia, Africa, the Middle East, and Latin America.

The second is the substantial military, industrial, and technological expansion of the Soviet Union.

Twenty-one of the newly developing countries have known political independence only since World War II. Millions of their people have never known anything but hunger, disease, and grinding poverty. They are now reaching out for economic growth. The main burden of work and sacrifice falls, of course, on the newly developing countries themselves. But they cannot make satisfactory progress unless their more fortunate brothers in the industrialized countries of the free world keep markets open to their products and work with them through programs of technical and capital assistance.

In their search for material progress the power of the Soviet example is not lost upon the peoples of the newly developing lands. If they are not given reasonable hope of progress under freedom—as they would much prefer—then they will surely be tempted to try shortcuts which purport to offer solutions for all their problems. International communism, which has openly identified the newly developing nations as its major target

in seeking world domination, is ready to suggest just such a shortcut and able to make it seem attractive with offers of trade and aid. If these countries should succumb, then the freedom we all hold so dear would certainly be lost. For we could not stand alone in a world turned hostile.

Fortunately we are not alone in our efforts to help the peoples of the new nations realize their dream of a better life.

At the close of World War II we responded with the Marshall plan to Western Europe's heroic efforts to rise from the ashes of war. The American farmer, who had contributed mightily to the winning of the war, helped to feed the farmers and workers of Western Europe while they cleared away the debris of battle, replanted their fields, and rebuilt their homes and factories. With Marshall plan help Western Europe has not only repaired its shattered economy but has moved forward to new heights in a recovery that has been nothing short of phenomenal.

The peoples of Western Europe and Japan are now in a position to substantially aid the free peoples of the nonindustrial world. It is encouraging to note that governments in the industrialized countries of Western Europe and in Japan have recognized this fact. These countries are beginning to play a larger part in the growth of the newly developing lands, both in direct assistance and by opening markets to their products. We feel that the role of our free-world partners in Western Europe and Japan in this great effort should be a growing one, and we are confident that they have every intention of increasing their efforts.

¹Address made at the 41st annual convention of the Iowa Farm Bureau Federation at Des Moines, Iowa, on Nov. 17 (press release 801).

Nevertheless we cannot slacken our own efforts, for the necessity of stimulating economic growth under freedom in the newly developing world dwarfs by its magnitude the task we faced 14 years ago in Western Europe. I regard it not only as the greatest challenge of the sixties but as the foremost problem of the whole latter half of the 20th century.

U.S. Programs for Aiding Underdeveloped Areas

In meeting this challenge our major response is the Mutual Security Program. Through its technical assistance operations we are helping to create the human skills so conspicuously lacking in the newly developing countries. Through grant assistance we are providing some of the funds urgently needed to maintain stability in the face of the military and economic pressure of the Sino-Soviet bloc. Through loans we are providing part of the capital needed for the basic facilities essential to growth.

Our reciprocal trade agreements program, which you Farm Bureau members support so vigorously, helps to insure markets for the products which the peoples of the newly developing areas must sell in order to live. And we are constantly seeking ways to break down barriers to trade through our participation in the General Agreement on Tariffs and Trade. Through tax and other incentives we are exploring every practicable way to stimulate the flow of private American investment, with all of its accompanying technological and managerial skills, to the less developed countries.

Our objective is to help other people to help themselves. We want to assist them in developing political and economic systems of their own which will achieve enough self-generating vitality to create the human and physical resources needed to sustain further progress under their own power. We encourage their governments to employ American assistance as a tool, not as a crutch.

The newly developing countries are often hungry. Their foreign exchange earnings are principally dependent on the sale of one or two primary products which have been traditionally subject to excessive price fluctuations. Many are unable to import all the food they need. It is here that the American farmer is once again making an

invaluable contribution by supplying food to hungry people abroad.

All of you will recall the difficult problem we faced with our agricultural carryover in 1954. Thanks in good part to the leadership of your own Farm Bureau Federation, the Agricultural Trade Development and Assistance Act was enacted. Public Law 480, as it is now popularly known, was designed to transform our burden into a blessing: to make our mounting surpluses of food and fiber available on special terms or as gifts to friendly countries which need them but which cannot buy them on regular commercial terms.

The results of the P.L. 480 program are impressive. The total value of surplus products sent abroad under it as of last June 30th amounts to about \$5.6 billion. If we add to this the value of agricultural commodities programed for shipment as part of our foreign aid program, the total rises to a little more than \$7.3 billion. By comparison the total supplied under lend-lease was \$6.7 billion and under the Marshall plan \$7.7 billion.

During the past 3 years our total annual exports of farm products have averaged \$4 billion, the highest 3-year average in our history. P.L. 480, with special emphasis on sales for foreign currency, has accounted for about 30 percent of the total. P.L. 480's operations have also been reflected in firmer market prices of many of our agricultural commodities and have given strength to the total U.S. agricultural export situation. For example, in the case of two commodity groups of particular interest to Iowa farmers—soybeans and their products, and feed grains—exports in 1959 will reach new alltime highs: the equivalent of 215 million bushels of soybeans and 480 million bushels of corn.

Over the past 5 years 6 million tons of American surplus have been supplied free to needy people abroad. At the moment more than 60 million persons in over a hundred countries and dependent areas are receiving food as a gift from the American people.

But that is not all. From the foreign currency proceeds of P.L. 480 sales we have earmarked for return to recipient countries in the newly developing areas the equivalent of about \$2 billion as loans or grants to build roads; construct hydroelectric plants, water-supply systems, and trans-

portation facilities; develop irrigation and drainage systems; and erect schools and clinics.

You may wonder what we do with that part of the foreign currency proceeds which we reserve for our own needs. The uses for it are numerous, including payment of local expenses of our diplomatic, consular, technical assistance, and military missions abroad. One use of special interest to you is the promotion of foreign markets for American farm products. The Soybean Council of America and the American Soybean Association, both with their national offices here in Iowa, are particularly active. With P.L. 480 proceeds they are promoting wider outlets for soybeans and soybean products in Europe, Asia, the Middle East, and Latin America. Their work is largely responsible for the growing dollar exports of these products.

It should also be of interest that the P.L. 480 program has been effective in disposing of surpluses of particular importance to your own State. These include food grains, fats and oils, dairy products, and poultry. The total value of such items so far programmed amounts to \$827 million, of which a substantial amount comes from Iowa.

A striking illustration of how P.L. 480 operates is seen in an agreement signed last week in Washington for the sale in rupees of almost \$240 million worth of American agricultural products to India. This is the fourth such sale to India under P.L. 480, bringing the total since 1956 to nearly \$915 million.

The United States will give back to India 40 percent of the payment as an outright grant for economic development. Another 40 percent will be lent to India for development purposes. Fifteen percent will be used to defray local expenses of our missions there, and 5 percent will be set aside for local loans to private enterprise.

Thus the bounty of American farms is contributing to the growth of a great new nation whose leaders are dedicated to creating a better life for their citizens under free and democratic institutions. The agreement is another affirmation of our continuing sympathetic interest in the peaceful progress and well-being of India's people.

Now, since the amount of food required to provide an adequate diet for the free world's hungry people greatly exceeds our surplus stocks, you may

very well ask why our foreign programs cannot absorb more of our surpluses.

In time, and with the cooperation of friends and allies who are also suppliers of agricultural commodities, I feel certain that we will be able to make more effective and greater use of our surpluses.

Food for Peace

This is, in fact, the purpose of the President's food-for-peace program, which involves an expansion of commercial trade in farm products and the strengthening of our special export programs. Several conferences have been held in Washington under this program to examine ways of making better use of wheat to raise nutrition levels and expand economic development abroad.² The results thus far are promising.

Food can be a powerful ambassador of good will and, hence, an effective instrument for peace. It may well be that the first results of the food-for-peace effort will be greater returns in improved understanding, rather than sharp increases in the quantity of food moving under special export programs. This in itself would be worth while. For we must honestly face the fact that there are real limitations on the extent to which surpluses can be used abroad.

First, the largest part of the P.L. 480 program is not designed to give our surplus to individuals but rather to sell it to governments. The commodities then go into local markets and are bought by the consumer on strictly commercial terms. We must exercise care to insure that P.L. 480 sales for foreign currency do not merely replace what would otherwise have been normal commercial sales for dollars of their equivalent, either from the United States or from other friendly nations. That is why we consult other exporting countries on P.L. 480 sales. That is also why, in the case of wheat, we have worked out safeguards with other exporters under the food-for-peace program to protect both our and their normal markets.

Second, in the case of gifts under P.L. 480 the

² For text of a joint communique released at the close of the Conference of Major Wheat Exporting Nations on May 6, see BULLETIN of June 1, 1959, p. 793; for an address by Don Paarlberg on food for peace, see *ibid.*, Nov. 9, 1959, p. 672.

protection of commercial markets is also something of a problem. There is unfortunately a persistent tendency in large distribution programs for gift food to find its way into regular market channels. Unless adequate supervision is exercised the opposition of legitimate traders and producers is likely to endanger the program.

A third problem arises from the fact that the countries which need relief programs most are usually least able to finance and operate them. Even though food is made available by us free of charge under P.L. 480, its distribution entails considerable expense. Inland transportation and storage must be arranged. Distribution centers must be established and maintained. In the case of school lunch programs gifts of surplus food need to be processed and sometimes supplemented by other food which must be purchased in the open market.

Finally, gifts of surplus commodities raise questions of concern both to us and to recipient governments: How long should such grants be continued? How large should they be permitted to become? Obviously it is not desirable for recipient nations to become so dependent upon gifts from the United States that they lose interest in developing their own agriculture or suffer severe repercussions if U.S. supplies have to be curtailed.

It distresses me to have to point out the limitations we face in distributing food abroad when we are all painfully aware that our storage bins are groaning with more than we can possibly use. I should like nothing better than to come up with a magic formula to solve this dilemma. Perhaps one of you can. Until it is forthcoming, I must regretfully say that, useful as they are, foreign programs are not a magic formula for absorbing all of our surpluses. Foreign programs can and do channel a substantial portion of them into useful purposes. But in the last analysis we must look elsewhere for the answer to the surplus problem.

Outlook for Marketing of American Farm Products

On the brighter side I can report that the outlook for expanding normal commercial markets abroad for American farm products is definitely improving.

Perhaps the most encouraging note is that the postwar recovery and subsequent development of

the major trading countries of Western Europe have reached a point where they can use black ink in striking a balance on their international payments accounts. This was heralded last December when they made their currencies convertible in international trade. Other countries, closely related to them economically, also made adjustments in their exchange controls.

The return to currency convertibility opens up a whole new era in world trade by permitting the abolition of trade discriminations resulting from balance-of-payments difficulties. There is no longer any balance-of-payments justification for discriminating against American products. The United States is pressing strongly for the prompt elimination of such discrimination. We are taking every possible advantage of opportunities to expand world markets for our agricultural products. A new and major opportunity will come during the next round of worldwide negotiations under the General Agreement on Tariffs and Trade, which are scheduled to begin next fall.

In conclusion let me say that Soviet Premier Khrushchev's visit to Iowa on his first trip to the United States had great significance.³ He saw for himself that American farmers live in fine homes, that their children receive the best education, that their farms are lighted by electricity and equipped with electric power, and that their work is done largely by machinery. He saw how abundant is the yield of the soil and how relatively little manpower is required to unlock its riches. He saw how one-eighth of the people in the United States produce enough food for all—as well as an abundance to send abroad—whereas it takes nearly half of the people in the Soviet Union to produce a diet substantially lower.

In short, Mr. Khrushchev saw translated into reality a dream of productivity and prosperity which must have had a profound effect upon the world's leading Communist. For what Mr. Khrushchev wants—what he boasts of someday accomplishing—is what you have already achieved here in Iowa.

When Mr. Khrushchev was in the United States he often gave the appearance of a man who had come to inspect a dying civilization. He proclaimed that "communism is the wave of the future." After seeing your prospering farmlands,

³ *Ibid.*, Oct. 5, 1959, p. 476, and Oct. 12, 1959, p. 499.

after visiting our thriving plants and factories and commercial centers, and, most important of all, after sensing the temper and determination of the American people, Mr. Khrushchev could hardly have taken these illusions home with him intact.

All of Mr. Khrushchev's talk about "catching and surpassing" the United States is based on the false assumption that America will stand dumbly still or fail to realize our potential for accelerated growth. If we were indeed to stand still, then Mr. Khrushchev's boast would almost certainly someday be fulfilled. But will we? Or will we redouble our efforts, stimulate our own growth and that of the rest of the free world, and thus demonstrate to the newly developing nations that freedom, not tyranny, is the wave of the future?

The answer rests with you.

Panama Reassured on Titular Sovereignty in Canal Zone

Statement by Deputy Under Secretary Merchant¹

I am leaving Panama after a short visit during which I have been received with the utmost friendliness and courtesy.

Ambassador [Julian F.] Harrington and I have had a series of extremely useful discussions with President de la Guardia, Foreign Minister Miguel Moreno, and their associates. These talks reflected the common desire to see restored to the relations between the two countries the warm and close association which has traditionally existed. The opportunity was provided for a comprehensive review of outstanding problems, and on both sides there was an expression of intent and desire to find acceptable solutions.

I was reassured by the firm expression on the part of the Panamanian Government of its intention to afford to American lives and property in Panama the protection customarily provided by one friendly state to the nationals of another.

There was discussion of certain measures which the United States Government contemplated inaugurating with the restoration of normal condi-

tions. These measures, which had been decided upon more than a month ago, were responsive to certain complaints made in the past by the Panamanian Government and contemplate additional benefits which will redound to Panama's economic well-being.

During the course of our discussions, in response to a question by the President of Panama, I assured him that the policy of the United States Government with respect to the status of the Canal Zone remains as it had been stated more than 50 years ago to the effect that the United States recognizes that titular sovereignty over the Canal Zone remains in the Government of Panama.

United States Experts Named for Geneva Technical Talks

Press release 818 dated November 24

The Department of State announced on November 24 that the following will participate as experts from the United States in technical discussions among the United States, United Kingdom, and U.S.S.R., which will convene at Geneva to consider technical data relating to the detection and identification of seismic events and technical criteria for onsite inspection beginning November 25:

James Brown Fisk, *chairman*, Executive Vice President, Bell Telephone Laboratories

Hans A. Bethe, Professor, Cornell University

Harold Brown, Associate Director, Livermore Laboratory

Richard Foose, Stanford Research Institute

Richard L. Garwin, International Business Machines Corp.

Spurgeon Keeny, Jr., Technical Assistant, Office of the Special Assistant to the President for Science and Technology

Albert Latter, Physics Division, Rand Corp., Santa Monica, Calif.

J. Carson Mark, Director, Theoretical Division, Los Alamos Scientific Laboratory

Jack E. Oliver, Lamont Geological Observatory

Wolfgang K. H. Panofsky, Director, High Energy Physics Laboratory, Stanford University

Frank Press, Director, Seismological Laboratory, California Institute of Technology

Carl F. Romney, Assistant Technical Director, Office of Atomic Energy, Department of Defense

John Tukey, Princeton University

Anthony L. Turkevich, Enrico Fermi Institute for Nuclear Studies, University of Chicago

¹ Made upon his departure from Panamá on Nov. 24 (press release 817). For background, see BULLETIN of Dec. 7, 1959, p. 827.

Secretary Herter's News Conference of November 24

Press release 819 dated November 24

Secretary Herter: I have no special announcement to make.

Q. Mr. Secretary, there has been quite a lot of speculation in London in the last couple of days that it may not be possible to have an East-West summit conference—that is, until 1961. Do you know of any change in the plans for a meeting in the next year?

A. No, I haven't heard of any such plans. We have been in consultation with our colleagues through diplomatic channels on the subject. No date has been set, and possibly no date will be set until the meeting on the 19th of December in Paris; but I have heard nothing whatever about a postponement to the later date that you have in mind.

Q. Mr. Secretary, with respect to this same subject, you were quoted last week, I believe, as saying you hoped or believed to have agreement with Russia by December 19th on the date for a conference. Has something happened to change that?

A. No, I am afraid I must have been misinterpreted on that. The December 19th date I had in mind would be the one in Paris when the Western Four meet.

Q. Mr. Secretary, in that same connection, do you see any evidence that Mao Tse-tung has exerted pressure on Mr. Khrushchev to put off the conference?

A. No, we have no evidence on that one way or another.

Q. Mr. Secretary, in your New York speech¹ you expressed hope that a common language could be worked out with the Soviets, and you also said you thought perhaps ground rules for cosurvival

might be possible. Could you elaborate on that? What specifically do you have in mind as ground rules?

A. Ground rules presumably deal with such matters as surprise attack, as disarmament—rules of that kind with respect to the weapons of war.

Q. Mr. Secretary, does the appointment of General [Williston B.] Palmer as the director of military aid make any difference in the arrangement you have on that now?

A. No, none at all.

Q. Who will have the final word?

A. You mean with respect to military aid?

Q. Yes. I mean, who determines the amount? Do you have a voice in that?

A. Very much so. Mr. Dillon is the coordinator, and he has the final responsibility in that.

Q. Who makes policy on that?

A. He has the policy responsibility but works very closely in cooperation with the Defense Department.

Q. How have you worked in the past so as to have this general put in?

A. This is entirely within the purview of the Defense Department. As I understand it, General Palmer is to be assigned to the office of Mr. [John N.] Irwin [II], Assistant Secretary of Defense for International Security Affairs, and Mr. Irwin has always been our principal associate in the Defense Department in these matters.

Q. Mr. Secretary, in the amendment of the Mutual Security Act of last year, didn't the amendment give you the authority to set policy on mutual security, to state whether there should be military aid and how much in any particular country?

¹ BULLETIN of Dec. 7, 1959, p. 819.

A. That is correct. We have the final policy decision.

*Q. Can you tell us, in your view, what is the main purpose of the President's forthcoming trip?*²

A. The President is holding a press conference next week, and I think it would be more appropriate for him to speak for himself on that.

U.S. Views on NATO Proposals

Q. Mr. [Paul-Henri] Spaak, the Secretary General of NATO, has in the last week said on a number of occasions he favored expanding the concept of NATO and increasing its responsibility. Specifically it should take a more active role in coordinating economic policy, setting up committees on specific areas—Africa and the Middle East, et cetera. What is the United States view of these proposals and ideas?

A. I think any proposal made by Mr. Spaak is one we would take seriously. We have the greatest respect for him in his position and as an individual. I wouldn't want to comment on the economic side of it beyond saying that I am not certain that NATO is the proper instrument for economic cooperation. However, there is no question but what greater consultation on political matters in NATO is a desirable thing. Whether or not special regional committees should be set up is something the NATO organization should study carefully. I wouldn't want to comment on that specifically at this time.

Q. Mr. Secretary, it has been said in connection with the current "Buy American" position,³ one of the reasons this is being done is in the hopes of heading off more severe action by Congress in the coming session. Is this the case, and do you feel Congress is being headed off?

A. On the latter part of the question, I will not comment. On the first part of the question, I don't think it was done with the intention of heading off Congress in any way. It was done as

² For background, see *ibid.*, Nov. 23, 1959, p. 742, and Dec. 7, 1959, p. 823.

³ For statements concerning the procurement policies of the Development Loan Fund and the International Cooperation Administration, see *ibid.*, Nov. 16, 1959, p. 708.

a prudent step and not too vital a step from the point of view of trying to be of assistance in rectifying this adverse balance.

Easing Tensions in the Middle East

Q. Mr. Secretary, what is the United States doing to help ease tensions in the Middle East and to help solve some of the problems there of an international concern?

A. That is a very broad question. As far as the Middle East is concerned, we will do all we can to normalize our relationship. There has been a strained relationship with different countries of the Middle East. I think our relationship with Egypt is better than it was. The same holds true in Iraq.

With respect to the tensions specifically as between Israel and the Arab states, we have always made any move we thought would be constructive to assist in that matter. At the moment there is a discussion going on in New York in connection with the Palestine refugees, and we hope that at those discussions some light will be thrown on finding an eventual solution of that very difficult problem.

Q. Mr. Secretary, Senator [Albert] Gore and Senator [Gale W.] McGee are now in the Near East, and they say they have asked you to have the Department look into what they call the corruption in American financial projects in Jordan regarding the Arab refugee camps. Can you tell us if the Department is doing anything on that?

A. The administering organization is a United Nations organization. The very matter the Senators have raised is one discussed in the debate at the United Nations. This has to do with the question of ration cards, of which many are in circulation for people who are either at work or are no longer alive. At the same time, others have not been issued for newborn children. In other words, there seems to be a sort of balance on the total but somewhat improperly applied. I am advised that the United Nations is taking this matter under serious consideration and has been promised cooperation by the countries involved, principally Jordan, in rectifying it.

Q. Mr. Secretary, Congressman [Charles O.] Porter of Oregon and Senator [Clair] Engle are

Mr. Dillon and European Officials Discuss Economic Subjects

Press release 821 dated November 25

Under Secretary Dillon will visit Europe during the period December 7-14. He plans to depart from New York on December 7, arriving in London on that day, proceeding to Brussels on December 10, to Paris on December 11, and returning to the United States on December 14.

During his trip Mr. Dillon plans informal discussions with officials of the U.K., France, Belgium, and perhaps other countries, on a number of economic subjects, including the new European Free Trade Association, assistance to the less developed areas, and discriminatory restrictions against dollar exports. In Brussels he will meet with officials of the European Economic Community. While in Paris Mr. Dillon will meet with economic counselors from various American embassies in western Europe.

Under Secretary Dillon will be accompanied by John M. Leddy and Theodore L. Eliot, Jr., Special Assistants to the Under Secretary, and by Dorothy S. de Borchgrave, personal assistant to the Under Secretary.

in the Far East, and both of them have commented very favorably on the so-called Conlon report⁴ on the disturbance of our allies out there over some of our own representatives. I wonder if you want to comment on this matter.

A. I was asked once before if I would comment on that particular report. This was made to a Senate committee. It isn't an official report of the committee itself, and, unless the committee sends it to us and asks for our comment, it will not be commented on.

Q. When the Cuban labor group withdrew from the American regional organization of labor, day before yesterday [November 22], it did so because it charged the regional organization was an agency of United States imperialism. Would you care to comment on that?

A. I would just say it was an absurd charge. That particular organization is part of an organ-

⁴ United States Foreign Policy, Asia: Studies Prepared at the Request of the Senate Committee on Foreign Relations by Conlon Associates Ltd., No. 5, Nov. 1, 1959 (86th Cong., 1st sess., committee print).

ization [International Confederation of Free Trade Unions] which encompasses many countries in Europe, in North Africa, in South America, and elsewhere, and to say that it is dominated by the United States has no basis whatever in truth.

Q. Mr. Secretary, there has been a great deal of discussion by the officials of the Japanese Government respecting the new U.S.-Japanese security treaty in terms of rationale and detail. There has been very little of that here. I wonder if, now that the treaty is near signature, you would be willing to give us your views as to what the United States is getting out of the new arrangement and how you regard the degree of alliance it would produce?

A. On that I feel that I should not go into detail because it is still under discussion. I will say this, however. This is a treaty being negotiated between equals for the mutual benefit of two equal, independent nations. From that point of view we regard it with the greatest seriousness and importance. We hope very much we will be able to reach agreement on the terms of it in the near future.

The Common Market and the Outer Seven

Q. Mr. Secretary, the expectation is that there will be negotiations soon between the Common Market and the so-called Outer Seven.⁵ I wonder if you think it would be desirable for the United States to participate.

A. On that I would rather not comment again because of the fact that we are not familiar as yet with the details of the Outer Seven agreement which has been signed, and in addition we don't want to barge in where we are not invited. I think that in December Mr. Dillon will be taking a trip to Europe in which he will be talking to members of both groups in order to familiarize himself in greater detail with the implications of both agreements and the possibility of their working together.

[Mr. Dillon will leave Washington December

⁵ The term "Outer Seven" refers to Austria, Denmark, Norway, Portugal, Sweden, Switzerland, and the United Kingdom, which have agreed to establish the European Free Trade Association.

7, spend December 8 and 9 in London, December 10 in Brussels, December 11, 12, and 13 in Paris, and return to Washington December 14.]

Q. Mr. Secretary—back to our security in the Far East—last week Syngman Rhee said he would be willing to be the first of our allies in the Far East to receive the big IRBM and ICBM missiles. Can you tell us, sir, whether any such negotiations are going along, and, if so, would they be along the lines of the Turkish agreement?

A. There are no such negotiations going on that I know of.

Q. Mr. Secretary, could you give the considerations which led to the President's adding Spain to the list of countries on his trip?

A. Well, I don't know that there is necessarily a change of circumstances. The President, of course, on his trip was going very close to Spain. He was invited to go to Spain, and he accepted the invitation.

Geneva Technical Talks

Q. Mr. Secretary, Mr. McCone⁶ said last Sunday he hoped that a complete ban on atomic explosions could be achieved but he didn't think it could be possible to police a complete ban. This seemed to bear on the technical talks beginning in Geneva again tomorrow.⁷ Could you tell us what your judgment is of a possibility of policing a complete ban?

A. Well, I would hesitate very much reaching a conclusion on that until the experts have met, as they are planning to meet tomorrow, and examine all the data that is now available and all studies that have been made. The purpose of that meeting is to examine that data and to determine whether or not existing technological instrumentation is adequate to detect all types of underground tests or only some underground tests, and what kind, and what improvements are likely to be made in the instrumentation itself. It's going to be a very highly technical discussion. It will have a very important bearing on what kind of an agreement might be made.

⁶ John A. McCone, Chairman, U.S. Atomic Energy Commission.

⁷ For an announcement naming the U.S. technical experts, see p. 859.

Q. Mr. Secretary, do you expect either Britain or Russia to come up with separate scientific findings on the difficulties of detecting underground tests?

A. We don't know. The British and ourselves are in complete agreement on this. The Russians up to now have refused to examine the new data that we had made available to us as a result of the Hardtack series that was conducted last fall.⁸ This willingness of their scientists to meet with ours is in the context of their examining all the data that we present there. What findings they will reach I obviously cannot predict in advance. If they reach different findings, they will of course submit minority and majority reports, or separate reports.

Q. Mr. Secretary, on that same subject, you have said in the past, I believe, you would not favor continuing the voluntary suspension of testing on the part of the United States much beyond the end of the year. What would the position be if in Geneva they reached an agreement on atmospheric suspension and reserved the question of underground testing? Would we go ahead and test underground?

A. Well, that is a determination that still has to be made. But we have taken no obligation to continue the moratorium on underground testing.

Q. Mr. Secretary, upon leaving Panama today, Mr. Merchant said that he had discussed some measures with the Panamanian Government to meet some of their complaints.⁹ He said some of these measures had been thought of before the recent troubles and some conceived since. Can you tell us specifically what those measures are?

A. No, I won't go into the details of those measures, but I will say they had been considered before the recent troubles. The complaints arose largely through interpretation of treaty provisions. And we are in a position, I believe, to discuss them, assuming normal conditions are restored in Panama, in a way to resolve them in a satisfactory manner.

Q. Mr. Secretary, there is a report from London

⁸ For a summary of the conclusions reported by the Panel on Seismic Improvement, see BULLETIN of July 6, 1959, p. 16.

⁹ See p. 859.

today that we might propose a second go-round on the surprise-attack disarmament negotiations. Is there something like that being contemplated?

A. I saw that report, and it was news to me. I don't know where it came from.

Q. Can you also tell us what the status is of the Coolidge committee report?¹⁰

A. They are still working on it.

Q. Is that expected before the end of the year, before you go to Paris?

A. I think there may be a progress report before that time, but I doubt if it will be completed before the end of the year.

Q. Sir, was there any thought of President Eisenhower's stopping off in the Middle East—the Arab part of the Middle East—or in Israel during his trip?

A. No. The difficulty, of course, with the President's trip is that it was bounded by two dates—the one when he had to be in India, the other when he had to be in Paris—and the only stops that he could make within that framework were those almost on the direct line from one place to the other.

Q. Mr. Secretary, what are your plans for the Inter-American Advisory Committee?¹¹ When will it meet, and what do you plan to lay forth?

A. We hope to have a meeting of that committee very soon. The individuals, as you know, are very busy ones, and scattered, but they are a very distinguished group. We hope to review with them both the policies that you might call short-range policies and the policies which are long-range policies, and we hope to get their advice in respect to both categories.

The Berlin Situation

Q. Mr. Secretary, former Secretary Acheson gave a speech before the NATO parliamentarians last week in which he said it was a mistake for the Allies to talk to the Russians about Berlin at all, because almost any arrangement that might come

up now would be worse than the one we now have. What do you think of this view?

A. Well, I don't necessarily share the view. I read the speech very carefully. And it seemed to me that what Mr. Acheson had done was to build up a number of straw men and then knock them down. The assumption he made was that the Russians would be insisting still on the same position that they held a year ago last November, when this crisis was first precipitated. Actually they have come a very long way from that. In addition, I don't think that he had any grounds for assuming that we were necessarily going to make concessions which would be detrimental. I think that was entirely speculation on his part.

Q. Sir, what do you think of his statement that this administration has no foreign policy but the policy of locomotion? (Laughter.)

A. It's a good phrase. (Laughter.) But, as far as its meaning is concerned, I have very serious doubts that it has any meaning at all. The administration, it seems to me, has a very distinct foreign policy. If one means that one will have one foreign policy in detail in the Far East, another in Latin America, and another in Europe, I would not say that it was true. But our principal objective has been very clearly enunciated, and the methods we are using to achieve those objectives obviously vary in different countries and in different sections of the world.

Q. Mr. Secretary, what do you mean when you say the Russians have come a very long way from their position on Berlin last year?

A. Well, last year, in November, when Mr. Khrushchev made his first speech precipitating the Berlin crisis, he stated that we had no legal rights in Berlin, that they were planning to throw us out, and that this was something that they had planned to do as a unilateral action. Since that time they have admitted our legal rights—admitted them several times, and completely. They have furthermore moved away from the threat of taking unilateral action.

Q. Mr. Secretary, have you any comment on the publication in Soviet newspapers of the complete text of speeches by yourself and Mr. Acheson?

A. No, I don't know how to interpret it. Whether this is the beginning of a new policy,

¹⁰ For a White House announcement regarding the committee headed by Charles A. Coolidge, see BULLETIN of Aug. 17, 1959, p. 237.

¹¹ For background, see *ibid.*, Dec. 7, 1959, p. 823.

with editorial comment in each case on the particular speeches that they publish, I don't know. But it certainly was a surprising development that they would publish those speeches in full.

Q. Mr. Secretary, were you disturbed at the editorial comment so favorable about your own speech?

A. Well, the editorial comment, if you read all of it, you wouldn't find quite so favorable. The favorable extracts were printed here, but the full flavor of it was that I was still very much imbued with the cold-war spirit.

Q. Mr. Secretary, is it then your position that you think a new arrangement can be reached on Berlin which is better than what we now have?

A. It can be. I'm not sure that it will be. I wouldn't predict that it necessarily would be. I think we would like to make a better arrangement if we could. I think that probably those who are satisfied with the present *status quo* worry lest an effort to make a new arrangement would lead to what has been called, I think, the *status quo* minus.

Q. Mr. Secretary, have you seen any basic change in the substantive position that Mr. Khrushchev took a year ago and as of today, or are the changes that you see merely procedural? Has he changed, in other words, in his basic demand that we get out of Berlin, or has he merely changed in the way we will do it and the timing and the threat and all the rest? Has there been any change on that, that he is going to get us out?

A. His objective is still that he is going to get us out.

Q. Mr. Secretary, would you comment, sir, on the report of the Comptroller General on our aid program to India that was issued several months ago and came to light again just recently?

A. That report, as I understand it, was made with respect to the operations in India from 1955 to 1958. The operations that were most criticized, namely, the ineffective use of certain commodity deals, actually had been remedied at the time of the GAO [General Accounting Office] visit to India in 1957. I think that the GAO, you will find in that report, does say that many of the

things of which they had complained in there were on their way to rectification.

Question of Banning Nuclear Tests

Q. Mr. Secretary, you envisaged a few minutes ago agreement out of the technical talks or an agreement to disagree on the minority report and a majority report. How do you envisage proceeding then on the political negotiations toward a test ban—toward a complete ban or a partial ban or some other?

A. No, I think it would be very difficult to come to a complete ban which would include underground testing if our scientists, in their objective judgment, felt that the instrumentation that might be available was not good enough to be an effective deterrent from the point of view of inspection.

Q. Mr. Secretary, if additional nations develop nuclear weapons capability, do you think that will make it more difficult to control nuclear weapons? Would you please make special reference to Sweden and its plans perhaps to go ahead with development of nuclear weapons?

A. No. I'm not going to comment on any particular nation wanting to go ahead on the development of nuclear weapons. But, in answer to the first part of your question, I would certainly say that the greater the proliferation of nuclear weapons the greater the control problem will become.

Q. Sir, have you given any consideration to the possible effect on U.S. relations with Latin America if the Cuban federation goes ahead in forming this inter-American organization excluding the United States?

A. No, I don't think we have speculated on that as yet.

Q. Mr. Secretary, have you received a protest from the French Government about the granting of visas to, I think, three people, members of the FLN [Fédération de Libération Nationale] to come to the United Nations?

A. Yes. We did receive a protest on that. And we explained to the French what both our traditional and legal positions were in this matter. Traditionally, we have always granted visas to persons with whom we disagree politically if that were the only quarrel that we had with them. Under the immigration and naturalization laws

we can withhold visas to anarchists, Communists, and criminals—I think there are a few others, but very definite categories—the admission of whom would be detrimental to our security and interests.

From a legal point of view and from our traditional point of view, we felt that we could not withhold these visas. But we have explained very carefully to the French that the granting of the visas is in no way related to our own attitude on the efforts of General de Gaulle to find a peaceful solution in Algeria, an attitude which both the President and I in separate statements¹² made very clear as far as the French are concerned.

Q. Mr. Secretary, can any sort of a disarmament agreement be feasible without the participation of Red China?

A. That is very much of a question, and I wouldn't presume to answer it at the present time.

Q. Mr. Secretary, you said a few moments ago that the Inter-American Advisory Commission or Council will meet soon. Would that be before you go to Europe?

A. I hope so.

Q. Mr. Secretary, General Draper¹³ said last week that neither military nor economic foreign aid figured in the balance very greatly—in the balance-of-payments problem—and therefore he advocated no cuts in both programs. Would you agree with the Chairman of the President's committee?

A. Well, I think he was talking primarily of military aid. I wouldn't think consciously he was talking of other aid. In military aid the great preponderance of military aid is in hardware, and that hardware is virtually all purchased in the United States. So that, if the purchase is being made here in the United States, the balance-of-payments problem does not enter into it.

Q. He said on the economic side that it probably wouldn't affect the balance of payments more than 10 percent of the deficit.

A. I'd be surprised if he spoke about that. He may have given the percentage to the total, but undoubtedly it does affect the balance of payments to a certain extent.

¹² *Ibid.*, Oct. 12, 1959, p. 500.

¹³ William H. Draper, Jr., chairman of the President's Committee To Study the United States Military Assistance Program.

President Names Edward Page U.S. Minister to Bulgaria

The Department of State announced on November 23 (press release 815) that President Eisenhower, in another major step in the resumption of diplomatic relations with Bulgaria, had on that day named Edward Page, Jr., to be the U.S. Minister to Bulgaria. The U.S. Legation at Sofia is expected to open early in 1960.

The agreement to resume diplomatic relations between the United States and Bulgaria was reached on March 24, 1959. It has been agreed that Peter G. Voutov, Permanent Representative of Bulgaria at the United Nations, will be the Bulgarian Minister to the United States.

The American Legation was closed by the United States in February 1950 following charges made against Minister Donald R. Heath in the course of the so-called Traicho Kostov trials.¹ During the conversations which preceded the agreement to resume relations, the Bulgarian representative stated that the Bulgarian Supreme Court, in annulling the sentences in the Kostov trials on November 6, 1956, had withdrawn the charges against Mr. Heath as groundless.

Albanian Independence Day

Department Statement

Press release 824 dated November 27

November 28, the 47th anniversary of Albanian independence, will be widely observed by Americans of Albanian descent and by Albanians throughout the world. This important event in the long and courageous struggle of the Albanian people for national existence has particular significance to all free peoples at a time when the Albanian nation is subjected to Soviet domination. The Government and people of the United States, in their continuing search for peace with justice among nations, look with sympathy and understanding upon the aspirations of the Albanian people for national independence and the full enjoyment of human rights and freedoms.

¹ For background, see BULLETIN of Jan. 30, 1950, p. 159; Mar. 6, 1950, pp. 351-356; Mar. 13, 1950, p. 397; and Mar. 20, 1959, p. 442.

Some Implications of Soviet Economic Development

*Statement by Allen W. Dulles
Director of Central Intelligence*¹

Few subjects arouse more heated controversy than that which your committee is studying; namely, the comparison of the economies of the United States and the Soviet Union.

There are proponents of the view that the Soviet Union is relatively backward. There are others who picture it as a galloping giant which exceeds us not only in its present speed but in staying power.

In the Central Intelligence Agency we devote a major effort to the analysis of this problem. We gather together the best technicians available, in and out of Government, to advise us on the various aspects of the Soviet economy—from agriculture on the one hand to the most sophisticated technical and military items on the other. We have a great mass of evidence to weigh. We try to do it without prejudice.

We have also carefully reviewed the papers which your committee has already received and published. You are to be congratulated on the general excellence of these studies.

Divergence of Views Among Experts

There are many reasons for the divergence of views among experts. A great deal depends upon the particular sector of the Soviet economy that is under study.

The Soviet Union is extremely proficient in certain areas, especially in the scientific and technological fields related to its military effort. In other areas, which up to the present time the

Soviets have considered secondary, their performance ranges from fair to mediocre.

In some important areas, particularly agriculture, their efforts have been hampered by the tendency to impose on the tillers of the soil some of the precepts of Marx through the system of collective farms and rigid state control. Such ideological considerations, in recent years at least, have not hampered their progress in the field of science and technology.

Returning American experts after visiting the U.S.S.R. reflect these contrasts. Those experts who have concentrated their study on Soviet achievements in the fields of steel production, heat-resistant metals, electronics, aeronautics and space technology, atomic energy, machine tools, and the like, come back with the general findings that the U.S.S.R. is highly competent.

On the other hand, those who have studied what the Soviets are doing in agriculture, roadbuilding, housing, retail trade, and in the consumer goods field, including textiles, find them lagging far behind us. Some recent returning visitors to the Soviet Union remarked with surprise that they can send a Lunik to the moon but don't bother to make the plumbing work.

This is a crude comparison but does help to illustrate where Soviet priorities lie.

The lag I have mentioned does not reflect Soviet inability to do these particular things. It does evidence a definite decision to defer them to the higher priority objectives of industrial and military power and an unwillingness, at this time, to devote the funds and manpower necessary to the modernization of production equipment in the consumer goods field.

¹ Made before the Subcommittee on Economic Statistics of the Joint Economic Committee of the Congress on Nov. 13.

U.S.S.R. a Country of Concentration

At first blush one might conclude that the U.S.S.R. was a country of contrasts, but this is only superficially true. It is a country of concentration—concentration on those aspects of production and of economic development which the Soviet leaders feel will enhance their power position in the world. Theirs is a materialistic society. They assign a low priority to those endeavors which would lead to a fuller life for their people.

The attitude they take toward automobiles is a good illustration of this policy. Mr. Khrushchev was undoubtedly impressed by the view he gained of our overall economic strength. He was by no means persuaded that he should emulate us in the automotive field. In an address at Vladivostok about a month ago he said that it was,

... not at all our aim to compete with the Americans in the producing of a large number of cars. . . . We shall produce many cars but not at the moment. We want to set up a different system for the use of cars than the one in capitalistic countries. . . . Cars will be used in our country more rationally than it is done by the Americans. Common taxicab parks will be widely developed in our country, where people will take cars for essential purposes.

He did not add—but it does cross one's mind—that his system also gives the regime a better chance to maintain its control over the people.

In effect Khrushchev is also implying that he does not propose to divert to car production resources which could contribute to build up heavy industry and military strength.

Another illustration of the Soviet ability to concentrate and allocate resources for the greater power of the state is in the use made of highly skilled manpower, including scientists and technologists.

Once they have determined upon a high-priority project—and they have fewer echelons of decisions to surmount than we before the final go-ahead is given—they are able to divert to this project the needed complement of the ablest technicians in the U.S.S.R. which the particular task demands. They can also quickly allocate the necessary laboratory or factory space and manpower required. Today, although their overall resources are far less than ours, they can allocate what is necessary if the priority is high enough.

They cannot do everything at once, and they do not work on as many competing designs as we.

But in many of the technical and military fields the leadtime from the drawing board to the finished product is less with them than with us. This seems to be true despite the fact that, generally speaking, the technical competence of our labor, man for man, exceeds theirs.

Furthermore our military production program is in competition, as respects brains in the planning and brawn in the production, with the requirements for the manufacture of consumer goods. In the Soviet Union this type of competition now can be suppressed.

The Soviets are also quick to review industrial and military programs when they find them inconsistent with their overall goals or too costly in terms of money or manpower. In 1956 they advertised widely a program in the field of nuclear power, for industrial and peaceful purposes, of 2,500 megawatts to be achieved in 1960. Gradually they have screened this down to a point less than 30 percent of their initial goal. Apparently they found it too costly for what they were achieving, whether in terms of electric power or in terms of its propaganda value.

While they keep as secret as they can the details of their military programs and progress, Mr. Khrushchev did tell us that heavy bombers should be consigned to museums and that he is generally turning from bombers to missiles. The evidence tends to bear out a change in policy here as well as in naval construction, where the building of cruisers has apparently been halted.

While we know a great deal more about their overall military programs than the Soviet tells us, their screen of secrecy makes it difficult to estimate with precision the exact percentage of the Soviet gross national product (GNP) which it absorbs. We estimate, however, that, with a GNP of about 45 percent of ours—computed on the same basis as we compute our own—their military effort, in terms of value, is roughly comparable to our own—a little less in terms of hardware produced but substantially more in terms of manpower under arms. Military hardware comes out of the most efficient sector of their economy.

With respect to the productivity of Soviet labor generally, the comparative picture is very different. Today they have on the farms over 45 mil-

lion men and women, or nearly one-half of their total labor contingent. With us the number of workers in agriculture is only about 10 percent of our total labor force, and with this force we produce about one-third more than does Soviet agriculture. In the industrial sector they have 20 percent more labor than we to produce the equivalent of about 40 percent of our total production.

Position of Prerevolutionary Russia

It is the task of this subcommittee, I understand, to reach some conclusions regarding the present strength of the Soviet economy, its past rates of progress, and its prospects for future growth. With these introductory remarks on the general background of the Soviet economy and its overall objectives, I will turn to the particular subjects of your inquiry.

The year 1913 is taken as the base for many Soviet studies and claims. The Soviets try to picture prerevolutionary Russia as the economic counterpart of black Africa today. The official myth about the relative backwardness of imperial Russia has been deliberately created so that Communist economic achievements will appear to be even greater than in fact they have been. The Soviet party line would have you believe that Russian industrial output was less than 7 percent of that of the United States in 1913.

Recently the dean of Soviet economists, Academician [Stanislav] Strumilin, published a pamphlet which deflated official Communist claims. He calculated Soviet 1913 output at between 11 and 12 percent of that of the U.S. Having passed his 80th birthday, Strumilin undoubtedly felt it was time to write objectively.

The weight of evidence, as I see it, would place prerevolutionary Russia as the sixth or seventh largest industrial power of its time, though relatively backward by then existing Western European standards of per capita output.

Further, Russia had in hand many of the keys for rapid economic development which were, of course, taken over by the Communists after 1917. For example, its agricultural output in 1913 was not only able to provide an adequate diet for its people but also to generate an export surplus. There was no pressure of population against food resources.

The country was richly endowed with coal, iron ore, petroleum deposits, and other essential in-

dustrial materials. For example, Russia accounted for about half the world's production of petroleum in the early 1900's. After the subsequent major discoveries in the United States, Russia's relative position declined, but in 1913 she was still a major world oil producer. Even in 1913 Russia had a modest but growing machine-building industry, a well-developed rail-transport net, a supply of technical talent, and a tradition of excellence in pure science and mathematics.

Rate of Soviet Industrial Growth

So much for what existed prior to the Communist takeover in 1917. The first major problems that faced the revolutionists were political and military—to get Russia out of the war with Germany, to bring the internal civil war to a successful conclusion, and later to resolve the battle for control within the Communist Party itself which followed the death of Lenin. This took the better part of a decade. By 1928 three important developments had taken place:

First, Stalin had emerged as the absolute victor in the internal power struggle;

Second, the economy had then been restored to its 1913 level of output; and

Third, out of the murky materialistic dogma of Marxism and Leninism, the surviving Communist leadership had molded a program of economic action which remains in force today.

The central theme of this program is forced-draft industrialization. Having determined on this objective the Communist leadership proceeded to implement their decision through the mechanism of detailed plans, rigid allocation of resources, and the use of force where necessary.

In the short space of 30 years, from 1928, despite the ravages of 4 war years and several years of reconstruction between 1941 and 1950, the Soviet Union has become second among the world's industrial powers. There is no dispute on this point.

Furthermore, in reviewing the various studies of Western scholars, I have been struck by the substantial agreement on the rate of industrial growth achieved by the Soviet Union over the period since 1950. The range of estimates is from 9 to 10.5 percent a year.

The findings of a study given you by the National Bureau of Economic Research appear on

the surface to be an exception. This exception, in my opinion, is more apparent than real. The NBER study covers civilian production only, whose annual growth is placed at 7.7 percent for the period 1950-55. The most important difference between the National Bureau's figure of 7.7 percent and our estimate of about 10 percent is due to our inclusion of military production, which looms large in the overall production figures. The addition of military equipment to the National Bureau's index would tend to raise it into the range I have indicated.

Virtually all Western measurements point to this conclusion: that Soviet industrial production has been growing at a rate at least twice as rapid as that of the United States since 1950.

In reaching this and other comparative figures of industrial production we have adjusted Soviet data to make them comparable to our own and have included in industrial production the output of all manufacturing and mining industries, as well as public utilities.

Turning from industrial production to a more comprehensive, but in many ways less significant, measure of economic growth, namely, gross national product, we find similar parallels between the CIA and independent private studies of the Soviet economy.

We estimate the growth of Soviet GNP during the present decade, 1950-58, to have been at an annual average rate of about 7 percent measured in constant prices. Estimates by others for similar time periods range from a low of 6 percent to a high of 9 percent. The degree of agreement is perhaps even closer than this range would indicate since these estimates have varying initial and terminal dates within the decade. The conclusion, then, is that Soviet GNP has also been growing twice as rapidly as that of the U.S. over the past 8 years.

Comparison of Soviet and American Growth

Some observers have noted that in the past the United States experienced long-term rates of growth comparable to the Soviet achievement from 1913 to the present. Such rough statistical equality would be true, for example, if the four decades of U.S. growth ending with our entry into World War I were selected for comparison. Those who would play down Soviet achievements

leap from this statistical springboard to the conclusion that there is nothing unique about Soviet industrial progress. Indeed, they say, we did it ourselves at a "comparable stage of development in the United States."

Such conclusions omit mention of the uniquely favorable conditions that stimulated our growth prior to World War I. Such factors include the massive immigration of European workers, the influx of investment funds to make possible our rapid rate of industrialization, and the low level of defense expenditures. The point is not only that these factors no longer exist in the United States but also that they never existed for long in the Soviet Union.

Let me illustrate this interpretation of history with another case. The National Bureau study estimates Soviet annual industrial growth from 1913 to 1955 at 3.9 percent. We have not felt that the years from 1913 to 1928 were helpful in forecasting the future. These years for the U.S.S.R. were marked by wars, internal and external, by political upheaval, mass imprisonment, and chaos. By 1928 they were about back to the 1913 level. For example, Soviet steel production in the U.S.S.R. in 1913 was a little over 4 million tons; by 1928 it was still just a little over 4 million tons.

If the first 15 years are eliminated, as we believe they should be, and growth is measured from 1928 through 1958, the conclusion is inescapable that Soviet economy has surged forward very rapidly indeed. The rate was faster than for American industry over these years, despite the effects of World War II, which stimulated industrial growth in the United States but was a disaster for the U.S.S.R.

But let us not forget that the West did the pioneering. Soviet industrial development was built upon, and profited from, the technology already developed by the West from the days of the industrial revolution.

The statement, frequently made, that much of postwar Soviet growth came from looting plants in Manchuria and East Germany does not stand up if closely examined. The early rehabilitation of war-damaged Soviet manufacturing plants was aided by these forced imports; the total benefit, however, was small compared with wartime losses.

Espionage and the reliance on outside technical experts, particularly German, is also alleged to

have been of crucial importance to Soviet industrial success since World War II. In a few key industries of military significance, most particularly in atomic energy and in the field of ballistic missiles, this had some importance in the very early stages of Soviet postwar development, but, looked at in the perspective of Soviet industrial military growth as a whole and their present competence in both the ballistic and nuclear field, these factors played a relatively minor role. They have gained much more in the overall industrial field from the acquisition and copying of advanced Western models of specialized equipment.

Future Soviet Prospects

Turning from the past to the future, we have not attempted to distill a "best estimate" of future Soviet prospects for economic growth out of the vagaries of 30 or 40 years of Soviet history. Instead we have asked ourselves three questions:

First, what have the Soviets shown a capacity to do under present prevailing conditions?

Second, what do the Soviet leaders intend to do? and

Third, what are the Soviet's prospects for the achievement of their goals, assuming there are no intervening catastrophes, such as war, famine, and the like?

As to the first point, Soviet performance on past plans, particularly postwar, has been relatively good. The fourth 5-year plan (1946-50) was fulfilled well ahead of schedule. The goals of the fifth 5-year plan were more than met.

The sixth 5-year plan was abandoned early in its life. It soon was apparent that it was too ambitious. In contrast the 7-year plan (1959-65) was more carefully drawn and is a reasonable blueprint of attainable growth. Experience teaches us that Soviet industrial plans should be taken seriously.

With respect to their intentions, the Soviet leaders have left no room for doubt. The obsession with overtaking the U.S. economy in the shortest possible historical time was the dominant theme of the 21st Party Congress, held last February. It continues to be so. Mr. Khrushchev's words to the Congress were:

The Soviet Union intends to outstrip the United States economically. . . . To surpass the level of production

in the United States means to exceed the highest indexes of capitalism.

Visitors to the Soviet Union report the slogan, "Even America must be surpassed," painted on the cowbarns throughout the country.

Goals of 7-Year Plan

The U.S.S.R. is now in the opening stages of the 7-year plan, which blueprints industrial developments through 1965. This plan establishes the formidable task of increasing industrial output by 80 percent over 7 years. The achievement of this goal will narrow the present gap between Soviet and United States industrial output. This would be particularly true in the basic raw materials and producers goods fields.

In our judgment these goals can be met, with certain exceptions.

Past Soviet economic growth has rested largely on the plowing back of every possible ruble into heavy industry, into the means of production. It is the use of steel to make steel capacity greater, rather than to use it up by manufacturing automobiles, for example.

The magnitude of the investment program in the 7-year plan—the plan that runs through 1965—is impressive by any standards of comparison. Capital investment in Soviet industry for the year 1959, the initial year of the plan, when measured in dollars, will be approximately equal to industrial investment in the United States this year. The Soviets plan proportionately larger investment outlays for the succeeding years through 1965. These absolute amounts of investment are being fed into an industrial system whose output in 1958 was only about 40 percent of that of the United States. Under such forced-draft feeding the Soviet industrial plant should grow at a rapid rate.

On the other hand we see no prospect that the agricultural goals of the 7-year plan will be approached. The dramatic increase of 7 percent per annum achieved over the 1953-58 period was the result of a 6-year effort to raise agriculture out of the trough in which Stalin had left it. A variety of factors, including increased inputs of resources, more efficient use of resources, and at least two unusually good weather years, contributed to this record growth.

We estimate, however, that these resource and efficiency gains will not be repeated in the present

plan period. Given average weather, net agricultural output will probably not increase under the 7-year plan more than 18 to 20 percent by 1965. Such a modest growth is well below the implied planned growth of 55 to 60 percent.

Of course the regime may be stimulated to undertake drastic new programs or new resource commitments not presently planned. Because the agricultural sector of the Soviet economy in the past has been its least efficient component we do not reject the possibility of more improvement than we presently forecast.

Some Foreseeable Hurdles

Apart from the problem of agricultural growth, the Soviet under the present 7-year plan will be forced to cope with certain foreseeable difficulties in addition to the unpredictable—such as acts of God and the uncertainties which might attend possible policy changes incident to any new management in the Kremlin. While these foreseeable problems are significant, we believe their impact is more likely to place a ceiling on the Kremlin's ambitions for overfulfillment rather than to threaten the success of the plan itself.

Among these foreseeable hurdles are the following:

First, due to the lower birth rate during the war years, there is an obvious gap between the 1958-65 increase in the number of persons in the working age group (15 to 69) and the labor force increment necessary to meet the planned goals. The regime has recognized this problem and is taking steps to fill the gap. The men under arms, the surplus of people on the farms (if more efficient techniques are introduced into agriculture), and students found unqualified for advanced education are possible sources of additional manpower for industry.

Second, the metallurgical raw material and the energy industries, which were slighted in the rapid expansion of the 1950-56 period, must now be brought into balance with the rest of the economy. These former stepchildren will be receiving about half of all industrial investment under the 7-year plan. This pattern of concentration of investment means that other industries which contributed much to growth in the recent past will no longer make the same relative contribution.

A third limiting factor on the 7-year plan goals will be the need for a vastly increased housing program and the claim on construction resources for this purpose. It must compete with higher priority material-strength requirements in the industrial construction sector. It will call for improvement over past performance in completing construction of industrial projects with the time and funds allotted.

Fourthly, the regime faces a complexity of problems in its attempt to increase its automation and mechanization programs.

Finally, as we have already suggested, the Soviet leadership will have difficult decisions to reach in dealing with the popular demand for more consumer goods. We believe that they now estimate that they can get away with a slight gradual improvement, which will be highly publicized and probably exaggerated. This happened in the case of the decree of a few days ago promising some additional consumer goods. If, however, the popular demand should greatly increase and the Soviet leaders made very substantial concessions in this field, it would affect the 7-year plan goals.

Need for Increasing U.S. Growth Rate

Primarily because agricultural growth will be slower than in the recent past, we project a moderate slowdown in the rate of total Soviet output, or gross national product, over the next 7 years, compared to the past 7 years. However, even so, the U.S.S.R. will achieve significant gains by 1965 in its self-appointed task of catching up with the United States, particularly in industrial production, and should substantially meet the industrial goals of the 7-year plan.

Thus we estimate that Soviet GNP will grow at the rate of 6 percent a year through 1965, and, even assuming that the United States gross national product for the years 1956 through 1965 can be increased to an annual growth rate of from 3.5 to 4 percent—our best postwar growth rate—then Soviet GNP will be slightly more than 50 percent of ours by 1965 and about 55 percent by 1970. I would emphasize that we must increase our recent rate of growth, which has been less than 3 percent over the last 6 or 7 years, to hold the Soviets to such limited gains.

In the industrial sector the race will be closer. We believe it likely that the Soviets will continue

to grow industrially by 8 or 9 percent a year. If they do so, they could attain by 1970 about 60 percent of our industrial production, provided our industrial growth rate averages $4\frac{1}{2}$ percent per annum. Any decrease in this rate would of course narrow the gap. For example, if our rate were to average the 2 percent which Khrushchev believes is the best we have in us, by 1970 the Soviets' industrial production would be more than 80 percent of ours if they maintain the rate of growth forecast.

No Reason To Accept Soviet Exaggerations

At the same time as we take note of Soviet progress, there is no reason to accept Soviet exaggerations of their prospects in the economic race.

In the propaganda surrounding the launching of the 7-year plan Khrushchev made a number of statements about Soviet economic power which were nothing more than wishful thinking. Specifically he stated that, "After the completion of the 7-year plan, we will probably need about 5 more years to catch up with and outstrip the United States in industrial output. . . . Thus," he added, "by that time [1970], or perhaps even sooner, the Soviet Union will advance to first place in the world, both in absolute volume of production and in per capita production."

From other evidence before us we do not believe that Mr. Khrushchev left the United States with any such illusion. First of all, to reach such improbable conclusions, the Kremlin leaders overstate their present comparative position. They claim U.S.S.R. industrial output to be 50 percent of that of the U.S. It is in fact nearer 40 percent. Also, as I have mentioned, this is predicated on Khrushchev's forecast that our growth will be only 2 percent a year, which is wholly unrealistic.

Another of Khrushchev's promises to his people is that they will have the world's highest standard of living by 1970. This is a gross exaggeration. It is as though the shrimp had learned to whistle, to use one of his colorful comments.

Although year by year since 1953 the Soviets have been continually raising the level of production of consumers goods, their consuming public still fares very badly in comparison with ours. This is true not only in the quality and quantity of their consumers goods but particularly in the hours of labor needed to purchase comparable products. Last year, for example, Soviet citizens

had available barely one-third the total goods and services available to Americans. Indeed, the per capita living standard in the Soviet Union today is about one-fourth that being enjoyed by our own people.

The Soviet Government last month announced the program for increasing the production of certain durable consumers goods, which I alluded to above. The decree did not mention automobiles but included refrigerators, sewing machines, vacuum cleaners, and the like.

Actually the new program covers only about 5 percent of Soviet industrial production and even in this narrow area raises goals but modestly above previous plans. The decree is one of a series introduced to provide a trickle of further benefits to the consumer at relatively small cost to the state. This does not mean that Soviet industrial investment or military programs need be reduced.

There is another economic area where the world has been treated to propaganda statements by Khrushchev. Last February he claimed, and has since repeated many times, that the Socialist camp "now accounts for over one-third of the world's industrial output" and "will produce over half of the total world industrial output by 1965."

Actually total industrial production of the "Socialist camp"—the U.S.S.R., the European satellites, and Red China—is only about 25 percent of total world output. By 1965 it will be a few percentage points higher, but free-world production will still account for over 70 percent of the total.

Conclusions

To summarize and conclude:

1. The Communists are not about to inherit the world economically. But, while we debunk the distortions of their propaganda, we should frankly face up to the very sobering implications of the Soviet economic program and the striking progress they have made over the last decade.

2. The fulfillment of the present Soviet 7-year plan is a major goal of Soviet policy. Khrushchev and the Kremlin leaders are committed to it and will allocate every available resource to fulfill it. The present indications are that Khrushchev desires a period of "coexistence" in which to reach the objectives of this plan.

3. Future economic gains will also provide the goods and the services needed to further expand Soviet military power, if they choose so to use it, and to carry forward the penetration of the uncommitted and the underdeveloped nations of the free world. These gains will also permit the Soviet to further assist in the rapid economic growth of the Kremlin's eastern ally, Communist China, if Soviet policy considerations dictate such a course.

4. If the Soviet industrial growth rate persists at 8 or 9 percent per annum over the next decade, as is forecast, the gap between our two economies by 1970 will be dangerously narrowed unless our own industrial growth rate is substantially increased from the present pace.

5. The major thrust of Soviet economic development and its high technological skills and resources are directed toward specialized industrial, military, and national power goals. A major thrust of our economy is directed into the production of the consumer-type goods and services which add little to the sinews of our national strength. Hence, neither the size of our respective gross national products nor of our respective industrial productions is a true yardstick of our relative national power positions.

The uses to which economic resources are directed largely determine the measure of national power.

NATO Council Announces 1960-61 Fellowship Program

The North Atlantic Treaty Organization announced on November 3 that the Council has now adopted the NATO fellowship program for 1960-61.

The fellowships, which are for periods of 2 to 4 months, are awarded to scholars of established reputation who are nationals of NATO countries.

The purpose of these fellowships is to promote the study of the common interests, traditions, and outlook of the countries of the North Atlantic Alliance. The Council hopes that successful candidates, after the conclusion of their research, which must be undertaken in NATO countries, will write essays on the general theme of the history, present problems, and development of the Atlantic Community.

Each fellow will be awarded the sum of 2,300 new French francs (230,000 frs.) per month or the equivalent in local currency. Travel expenses will be borne by NATO.

Application forms, including a list of the national authorities to which they must be addressed, can be obtained from NATO, Palais de Chaillot, Paris, 16e.

Congressional Documents Relating to Foreign Policy

86th Congress, 1st Session

Biological and Environmental Effects of Nuclear War. Hearings before the Special Subcommittee on Radiation of the Joint Committee on Atomic Energy. June 22-26, 1959. 966 pp.

Comparisons of the United States and Soviet Economies. Papers submitted by panelists appearing before the Subcommittee on Economic Statistics of the Joint Economic Committee. Part III, November 10, 1959. 69 pp. [Committee print.]

United States Foreign Policy: The Operational Aspects of United States Foreign Policy. A study prepared at the request of the Senate Foreign Relations Committee by the Maxwell Graduate School of Citizenship and Public Affairs, Syracuse University. No. 6. November 11, 1959. 73 pp. [Committee print.]

United States-Latin American Relations: Post World War Political Developments in Latin America. A study prepared at the request of the Subcommittee on American Republic Affairs of the Senate Foreign Relations Committee by the University of New Mexico School of Inter-American Affairs. No. 1. November 19, 1959. 72 pp. [Committee print.]

United States Foreign Policy: Basic Aims of United States Foreign Policy. A study prepared at the request of the Senate Foreign Relations Committee by the Council on Foreign Relations. No. 7. November 25, 1959. 24 pp. [Committee print.]

U.N. General Assembly Agrees To Discuss Hungarian Question

Following are three statements made by Henry Cabot Lodge, U.S. Representative to the General Assembly, during debate on the inscription of the item "The question of Hungary" on the agenda of the 14th General Assembly.

FIRST STATEMENT IN GENERAL COMMITTEE, NOVEMBER 23

U.S. delegation press release 3306

The United States supports the request¹ of the United Nations Representative on Hungary [Sir Leslie Munro] that an item of an important and urgent character entitled "The question of Hungary" be inscribed in the agenda of the 14th General Assembly. The United States as a member of the General Committee has itself also requested the inscription of the item.²

This request, Mr. President, was necessitated by the resolution on Hungary adopted by the 13th General Assembly³ and the continued defiance by the present Hungarian regime and the Soviet Union of the General Assembly resolutions on Hungary.

Resolution 1312 (XIII) declared that "the United Nations will continue to be seized of the situation in Hungary in view of the fact that the Government of the USSR and the present authorities in Hungary are disregarding the above-mentioned resolutions of the General Assembly." By the same resolution the General Assembly decided "to appoint Sir Leslie Munro to represent the

United Nations for the purpose of reporting to Member States or to the General Assembly on significant developments relating to the implementation of the resolutions of the General Assembly on Hungary."

On July 9, 1959, the United Nations Representative on Hungary in a public statement⁴ revealed that his patient and quiet efforts to gain admission to Hungary in order to obtain firsthand information concerning the implementation of the Assembly's resolutions had been rebuffed by Soviet and Hungarian authorities. Sir Leslie Munro announced his intention of submitting a full report on his activities to the 14th General Assembly.

In the explanatory memorandum attached to his request for inscription, the United Nations Representative on Hungary has stated that foreign armed forces remain in Hungary and that the framework of repression remains unchanged. In spite of public assurances of the representative of the present Hungarian regime that reprisals against Hungarian patriots who fought in the 1956 uprising have ceased, the explanatory memorandum records the harsh fact that trials and executions of Hungarian freedom fighters have taken place since the last General Assembly. Apparently the end of the reign of terror is not yet in sight, for there are disturbing rumors that more executions are pending.

The United States supports the initiative of the United Nations Representative on Hungary. We deplore the circumstances that gave rise to the necessity for this important and urgent request. All members should hear what Sir Leslie Munro has to report and consider appropriate further

¹ U.N. doc. A/4285.

² U.N. doc. A/4292.

³ For background and text of resolution, see BULLETIN of Jan. 12, 1959, p. 55.

⁴ U.N. press release GA/1807.

steps to achieve the objectives of the United Nations.⁵

SECOND STATEMENT IN GENERAL COMMITTEE, NOVEMBER 23

U.S. delegation press release 3807

Mr. Chairman, before we adjourn this meeting there are certain fallacies which have been expressed here which I should like briefly to rectify. I took some notes during Mr. [V.V.] Kuznetsov's [Soviet representative] speech, and I noted some of these phrases: "dirty work," "sordid assignment," "mouthpiece for slander," "puppet," "slandorous assertions and concoctions" in my letter.

Now, I am not fortunate enough to be familiar with the Russian language, and maybe these are ordinary, routine phrases in Russian. But I have some familiarity with English and with French, and I can say that in those two languages these are extremely violent words. If Mr. Kuznetsov is really interested in lessening the cold war, he could very easily prove that fact by using parliamentary language in a parliamentary assembly. I say that to him in as bland a tone as I can use.

Then he also referred in his speech to the conversations between Chairman Khrushchev and President Eisenhower which were held at Camp David⁶ and which in a press release the other day the Soviet delegation characterized as the "spirit of Camp David."

Now, Mr. Chairman, we prize—we in the United States prize—what was achieved at Camp David, and none are more opposed than we to doing anything which would destroy it. One way to live up to that spirit is to conform with United Nations resolutions.

I feel that perhaps I have some right to talk about Camp David for the simple reason that I was there. In fact I was present at all the meetings which took place. These meetings were adequately summed up in the communique, which is well known, and I can assert that there is nothing in that communique or in what happened at Camp David to justify the declaration that the very

modest action on Hungary which we are discussing today is against the spirit of Camp David.

What is against the spirit of Camp David, Mr. Chairman, is the subversion of small countries.

What is against the spirit of Camp David are acts which turn a brave little country into a moaning colonialist slum.

What is against the spirit of Camp David is any behavior which makes a veritable mockery of peaceful coexistence.

Mr. Chairman, nothing happened at Camp David which requires us to condone evil.

Nothing happened at Camp David which requires us to pass by in silence on the other side of the street when a brutality is being committed.

Nothing happened at Camp David to prevent us from acting like human beings made in the image of God when cruelty is being practiced.

The spirit of Camp David was not intended to be a soporific to peoples in the democracies, to put them to sleep in the belief that this dangerous world, which we all hope may some day be safe, has actually been made safe.

No one looks more eagerly than I do for the day when the United States and the Soviet Union can work regularly together for the peace of the world. This is an end devoutly to be wished, and I shall always work for it.

But we work against such a day when we distort the spirit of Camp David into something which was never meant at all and which no one present thought that it meant.

I realize that there may be colleagues of mine here in this room who think that in speaking as I am now doing I am striking a false note. But I do not agree.

We can only build a peaceful world on truth, and the spirit of Camp David never told us to close our eyes to the truth.

We can only build a peaceful world on deeds—deeds of justice—and the spirit of Camp David never told us not to do such deeds.

Instead of criticizing this proposal, why don't you do something to show that you really believe in the true spirit of Camp David? Why don't you take down the barbed wire and the observation towers which now divide the poor Hungarians from Austria and the free world and which have turned Hungary into a vast human cage? Why don't you chain up the savage dogs which roam along the border to catch the miserable human beings who are seeking freedom?

⁵The General Committee on Nov. 23 recommended the inscription of the Hungarian item on the agenda of the 14th regular session of the General Assembly by a vote of 15 to 3, with 2 abstentions.

⁶BULLETIN of Oct. 12, 1959, p. 499.

It is by deeds such as these that we can best live up to the spirit of Camp David.

Let me say in conclusion that the Camp David communique states that "all outstanding international questions should be settled not by the application of force but by peaceful means through negotiation." If, therefore, we are really to live up to the spirit of Camp David, Sir Leslie Munro ought to be admitted into Hungary, the United Nations resolutions adopted by overwhelming votes should be carried out in Hungary, and the Soviet Union, instead of working against the United Nations, should work *with* the United Nations. That would be really carrying out the spirit of Camp David.

STATEMENT IN PLENARY, NOVEMBER 25

U.S. delegation press release 3313

Mr. President, the United States supports the recommendation by the General Committee that an item entitled "The question of Hungary" be included on our agenda.

Last year in Resolution 1312 (XIII) the General Assembly declared that the United Nations will continue to be seized of the situation in Hungary in view of the fact that the Government of the U.S.S.R. and the present authorities in Hungary are disregarding earlier resolutions of the General Assembly. By the same resolution the General Assembly appointed Sir Leslie Munro to represent it for the purpose of reporting on developments relating to the implementation of the Assembly resolutions on Hungary.

Sir Leslie Munro has now requested the General Assembly to consider the Hungarian situation. He reports that there has been no improvement of conditions in Hungary and calls attention to the refusal of the Hungarian authorities to cooperate with the United Nations in any way in this matter. In these circumstances the United

States also requested inscription of this item. I may say, in our opinion the request of the representative of the U.N. on Hungary would have been enough.

Nothing we know today leads us to believe that the states concerned have ceased their defiance of resolutions which were adopted by overwhelming majorities at previous sessions. As recently noted by the United Nations Representative on Hungary, foreign armed forces remain in Hungary and the framework of repression remains unchanged. In the shadow of continued trials and executions of Hungarians whose only crime was their bare-handed fight for independence against Soviet tanks in 1956, and in the shadow of the continuing reports of impending executions, it is clear that the end of the reign of terror is not yet in sight. It seems clear to the United States delegation, therefore, that we must inscribe this item and that we must consider the report of the United Nations Representative on Hungary.

As I explained in my statement in the General Committee on November 23, we regret the circumstances that gave rise to the necessity for inscribing this item. Recent events encouraged us to hope that there might be real relaxation of international tensions and improved international cooperation, which are of course the goals for which this very international Organization was established. We still hold to that hope, Mr. President, but we must set down that to attempt to sweep crimes like these under the rug will not cause these hopes to be fulfilled and will not promote peace. We accordingly urge members to join in supporting the inscription of this vital question.⁷

⁷ The General Assembly in plenary session on Nov. 25 accepted the recommendation of the General Committee by a vote of 51 to 10, with 15 abstentions.

Economic Development of Underdeveloped Countries

*Statement by George Meany
U.S. Representative to the General Assembly¹*

One of the most critical problems of our time is the need for *all* nations to attain sound and sustained economic growth. This is true for countries with even the highest developed economies. It is, however, of the most crucial importance to those nations that are unable to provide their citizens with an adequate standard of living.

In today's shrinking world it is imperative that ways be found to improve the conditions of life and labor especially for the great mass of people in Africa, Asia, and Latin America. This is no utopian plea. We face here a practical problem. Its solution is urgent.

It has been said that "as man's understanding deepens, his environment grows ever more responsive to his wants; the world's resources become as rich as his imagination." Here is a challenge which we can and must meet. Here is our task. Such a task is deeply rooted in the humanitarian traditions of my country and its people.

And you will be interested to know that American labor has been in the front ranks of our citizenry calling for such a program of international assistance. At its last convention, the AFL-CIO, of which I have the honor to be president, unanimously adopted a resolution on foreign economic policy. Here is how we of American labor approach this issue. Let me quote from the resolution we adopted on September 20, 1959:

The possibility of economic development and industrialization has brought to hundreds of millions of people in the less developed parts of the world the hope that they can emerge from the age-old morass of poverty, disease and hunger. Many millions of these people live in newly

independent countries where political awakening has been accompanied by a determination to improve their way of life.

Escape from poverty with the assurance of freedom is possible in these lands only if economic cooperation is forthcoming from the more industrialized nations. . . .

Economic progress fostered by our cooperation should assure the maximum tangible benefits to the people in the aided areas. The fruits of economic development must be widely shared, and the foundations laid for an economic structure in the less developed countries which will strengthen the forces of freedom and democracy.

The AFL-CIO calls upon the Congress to authorize an expanded, long-term and fully effective program of economic and technical assistance to the industrially less developed nations.

The problems of economic growth assume many aspects. In many countries there is a fundamental need for improved conditions of education, health, and housing. In some areas of the world there is a race between expanding populations and the rates of economic development. But, according to the Food and Agriculture Organization, we can, with adequate investment, expand the world's arable land seven times.

It is generally agreed that the economic situation in the major industrial nations and the economic policies which they follow have a significant effect upon the economies of the less developed countries. As the Secretary-General has said in his introduction to the Annual Report of the World of the Organization,² a sustained rate of expansion in the great industrial nations is a necessary condition for worldwide growth.

The Secretary-General has pointed out, however, and with this we also agree, that long-term

¹ Made in Committee II (Economic and Financial) on Nov. 5 (U.S. delegation press release 3282).

² U.N. doc. A/4132.

expansion in industrial countries alone does not furnish a solution to all the major problems of the developing countries. Though many countries cannot make great progress without the assistance of the more developed countries, appropriate domestic policies in the economically underdeveloped countries themselves are indispensable to healthy economic development.

The United States is fully aware of the need for continuous healthy growth of its own economy. We seek the growth of our economy and national prosperity not only for the well-being of our own people. We are firmly convinced that a prosperous America is best equipped to help and foster economic progress and human freedom. Our record, particularly since World War II, confirms this and reveals our readiness to aid generously all peoples in need. Moreover, we Americans realize that we cannot stay prosperous long in a world in which there are large depressed areas with low standards of life and crushing burdens of hunger, illness, and illiteracy.

I will not burden you at this time with facts and figures regarding the present state of our economy. We have come out of the recent recession stronger than before. In our country there is now going on a full and thorough discussion of what measures are to be taken to improve our economy so that it may serve still more effectively our own people and all nations seeking prosperity and progress in peace and freedom. Of course there are differences amongst us. But I can assure you that we will—as we have in the past—through the democratic process, devise effective measures and work out sound economic policies to lend even greater stability and new strength to our economy.

ECOSOC Report

Let me now turn to the report of the Economic and Social Council.³

The current report of the Council concerns itself with many of the problems of economic development. The report also elaborates upon the work of the Council, other organs of the United Nations, and of the specialized agencies associated with it.

A review of the important economic activities of the United Nations would be incomplete if I did

not mention the valuable contributions which these many economic agencies are making to the ultimate goal of a higher standard of living for all humanity. We welcome to the United Nations family such recent associates as the Special Fund, the International Atomic Energy Agency, the Intergovernmental Maritime Consultative Organization, and the Economic Commission for Africa. Already the new groups are making their presence felt in constructive ways.

The creation of the Economic Commission for Africa symbolizes the dynamic growth which is taking place on that continent. The Commission will, without doubt, assume a key role in stimulating cooperative action among the African nations and can be particularly helpful in guiding the newly independent ones. It is in a position to profit from the useful experience of the other regional economic commissions, which are taking the lead on a regional basis in the critical struggle against want, ignorance, and disease. It is very appropriate that the Economic Commission for Africa was the first to include within the scope of its charter the responsibility for considering the social aspects of economic development.

The Economic and Social Council at its 27th and 28th sessions has taken several important actions in the field of industrial development and energy. At its spring meeting in Mexico City, ECOSOC approved a forward-looking program on industrialization which was widely supported by member states. Members of the Council generally approved the criteria which the Advisory Committee on the Work Program on Industrialization had proposed in its report to the Secretary-General (document E/3213), prepared in accordance with Council Resolution 674A (XXV).

Most members expressed the conviction that the program should be developed so as to contribute to the promotion of rapid industrialization of underdeveloped countries and that the nature of the work should be such that governments could use the results to meet their practical needs.

Under the first criterion most members agreed that practical projects such as those relating to industrial zones or estates and those stimulating small-scale industries should have high priority in the United Nations work program on industrial development. With respect to the second criterion the Council considered it appropriate for the

³ U.N. doc. A/4143.

Secretariat to act as a clearinghouse for the collection, analysis, and dissemination of information and to encourage the holding of conferences, seminars, and symposia to disseminate knowledge and exchange experience in the field of industrialization.

Recent reorganization and strengthening of the industry branch should further enhance the work of the Secretary-General in this expanding field of United Nations activity, which is second to none in importance.

In view of widespread interest of member governments in the work programs on industrial development, it may be timely for ECOSOC to consider the advisability of establishing an *ad hoc* committee on industrial development. Such a committee could make a study in depth of what is being done in this field by the United Nations, including the valuable work being done by the regional economic commissions and several of the specialized agencies. It should then report its findings to ECOSOC with recommendations as to what further types of projects should be undertaken by the United Nations in this field and whether any new organizational machinery, such as a functional commission, should be considered. My Government would be prepared to give careful and sympathetic consideration to a proposal along these lines if members of this committee wish to recommend such a course to the Council.

I should like to say a few words about one method of stimulating capital formation for industrial purposes to which increased attention might usefully be paid as a supplement to major multilateral capital financing programs. I refer to the possibility of the economically underdeveloped countries themselves establishing their own industrial development banks and corporations. This is not a new idea. It has been tried with considerable success in a growing number of countries which have received both technical cooperation and financial assistance from the International Bank and from some of the more advanced industrial nations. We believe many other economically underdeveloped countries could derive substantial benefits from establishing such institutions.

Such industrial banks and corporations have several significant common features, although

those in existence vary in organization and scope. Some are owned exclusively by governments, some by private groups, and some in combination. Some finance government enterprises, some private enterprises, while others act in both fields. Some lend money, some invest in equities, others do both.

All, however, provide capital, together with enterprise, to speed up the process of development when either or both of these requisites of economic growth are lacking. Most development banks create a reservoir of skilled labor and managerial experience as a byproduct. They serve principally, however, as focal points for attracting both local and foreign capital, private and public, in promoting and financing enterprises primarily in the private sector. Such industrial development banks and corporations are particularly valuable in promoting local industries which are not large enough to attract direct investments from within the country or abroad. My delegation will make a proposal concerning these valuable institutions when we discuss specific resolutions.

Energy Development

Mr. Chairman, of comparable importance to the actions of the Economic and Social Council with respect to industrial development was its adoption of resolutions on various aspects of energy development. Resolutions 710 and 711, each in two parts, were approved at the 27th session, and Resolutions 740B and 740C at the 28th session of ECOSOC.

It is not my intention at this time to examine these resolutions in detail. They are covered in the Council's report. I do consider it worth noting that a comprehensive work program for energy development has been approved by the Council and that important work is going forward in this field of United Nations activity.

The Secretary-General is working on the problem of developing a methodology for the appraisal of energy resources on a usefully comparable basis on the national, regional, or other appropriate basis.

The Secretary-General is undertaking to collect, analyze, and disseminate experience obtained in multilateral, regional, bilateral, and national

technical assistance in the field of energy resources as well as in that of industrialization.

The Secretary-General is called upon to take appropriate measures for convening a United Nations conference on solar energy, wind power, and geothermic energy, with particular reference to their application, not later than 1962.

The Secretary-General is to inform the Council, if possible at its 29th session, of the studies so far undertaken by the United Nations and its subsidiary bodies in connection with the development of petroleum resources in underdeveloped countries and to include in his report a list of the projects concerned with petroleum matters so far undertaken under the technical assistance and development programs of the United Nations and the specialized agencies. The Secretary-General is also to make available to interested participating governments particulars on how the U.N. can assist in the development of petroleum supplies in underdeveloped countries. Finally, the Council decided to consider at a later session whether additional assistance to governments in this field is called for. The ECOSOC resolution which provides for these constructive United Nations actions is now in the process of being implemented.

May I now mention one other development, undramatic but essential, which can assure us that the efforts of the United Nations are not dissipated in false starts, jurisdictional disputes, overlapping efforts, or impractical exercises.

Self-Evaluation

I refer to the growing trend toward self-evaluation—a healthy one in my opinion—exemplified by the 5-year program appraisal now in progress and by the action recently approved in the Economic and Social Council to evaluate in depth the economic research techniques used by the United Nations and its various subordinate and associated bodies.

The very fact that these attempts at self-evaluation are considered essential by many governments is, itself, a measure of the breadth and variety of United Nations programs in the economic field. After all, outside or foreign aid can only be temporary, self-liquidating projects, as it were. Its greatest success comes when it serves and stimulates countries to self-sustaining economic growth. I emphasize—foreign aid can, at most, only *supplement, never supplant or be a substitute for*, the individual and national effort in

the countries helped. Realizing this, we can all welcome the progress being made in relying increasingly on local leadership. The latter is best equipped to adapt all measures and projects to the culture, history, and interests of the nation helped.

Indeed, cooperative economic programs which would have been unthinkable even a generation ago are now making a noticeable impact.

Mr. Chairman, there is one significant initiative undertaken by the General Assembly concerning which the action thus far has been a disappointment to my Government. I refer to the request to member governments contained in G.A. Resolution 1316 (XIII).⁴ We share the views of the Under Secretary [Philippe de Seynes, Under-Secretary for Economic and Social Affairs], who said in his statement to this committee:⁵

I would venture to say that the reports which have come to us in implementation of that resolution do not seem to indicate that all Governments have appreciated the importance and scope of an undertaking of this nature.

Resolution No. 1316, initiated by the United States and cosponsored by 12 other nations, invited member states in a position to assist the economic development of underdeveloped countries to inform the Economic and Social Council at its 28th session and the General Assembly at its 14th session of measures taken or contemplated to advance the economic development of underdeveloped countries. The same resolution similarly invited the less developed countries to inform ECOSOC and the General Assembly of any measures which they may decide to take in order to advance their economic and social progress.

Such information from both the more developed and the less developed nations is important for fuller consideration of appropriate further measures which might be taken by the U.N. to further the objectives set forth in Resolution 1316. Some of the replies have been most informative and contribute to our understanding of various governmental policies to promote economic development. Unfortunately some replies are incomplete and many governments have not replied at all, as indicated by the report of the Secretary-General contained in document A/4220.

The information sought is the kind which might well lead to a valuable debate on this vital subject at some future session of ECOSOC or the General

⁴For text, see BULLETIN of Jan. 5, 1959, p. 33.

⁵U.N. doc. A/C.2/L.422.

Assembly. Without detailed information on this and other basic economic measures, it would be difficult, indeed, to envisage a rewarding result of the short, special meetings of officials at the ministerial level suggested by the Secretary-General in his recent introduction to the Annual Report of the Work of the Organization.

U.S. Programs To Aid Underdeveloped Countries

Mr. Chairman, I should like next to mention briefly certain aspects of United States programs to aid the economic development of underdeveloped countries. The task of stimulating economic growth under freedom is of an urgency and magnitude that dwarfs anything in peacetime history. As an economically advanced member of the free world, there is much that the United States is doing today to meet the challenge of international development.

To succeed we have enlisted the combined resources of our Government and of our private citizens and institutions. It will require perseverance and sustained effort over a period of many years.

We Americans, as you know, are a practical people. American trade unionists are especially practical and realistic. As an American and a trade unionist I have the strongest sympathy with the desire and determination of various peoples to build the most modern plants in the quickest possible time. Moreover, since these newer nations can benefit much from the experience and technical progress of the older and presently more economically developed countries, their economic growth will, quite naturally, not take them as long as it took the latter. Nonetheless, we should avoid those shortcuts to industrialization which might short-circuit the human aspirations, the human dignity, and rights and liberties of the people.

None of us should take a know-it-all attitude in our efforts to help the peoples of the underdeveloped areas advance technically. In fact, my Government has, in this spirit, given increasing heed to the pleas of American labor that representatives of the population in the countries which have recently won or are about to win their national independence should be drawn into and consulted in the planning and in the application of all assistance programs. There is no better way of securing the cooperation and understanding so vital to the effective use of foreign aid in any form.

We do not approach this task as a grim burden. Instead, we look upon it as an opportunity and a challenge—one which we are prepared to meet. Our direct national response, in which the Mutual Security Program plays a major part, is broad and varied. Through technical cooperation, in which our universities, foundations, and private industries as well as our Government are fully participating, we are helping to create the human skills so conspicuously lacking in some of the less developed countries.

In this connection let me tell you the findings of Mr. George Piel, publisher of the *Scientific American*. He wrote in the September 1959 issue of the *Bulletin of Atomic Scientists*:

An example of what can be accomplished in this phase of the undertaking is furnished by Mexico. For the past 20 years The Rockefeller Foundation has been working with the Ministry of Agriculture and Animal Husbandry of that country. At a cost of something less than \$2 million per year, American agronomists have been supplied to Mexico, and young Mexicans have been trained in the agricultural sciences. In this period, the food production of the country has mounted 80 per cent. The gains have been achieved by improved yields of Mexico's own staple crops, the development of new varieties of wheat and potatoes, and the establishment of something like our own county-agent system for farmer education. Not a single tractor or fertilizer plant is in the expense account; the money has been spent for the intangibles of information, education, and expert consultation. The 4 per cent per annum gain safely exceeds the 3 per cent increase in population and has brought an improvement in the people's diet that is already showing up in the vital statistics.

Through grant assistance we are providing some of the funds urgently required to bolster countries economically so that they may better cope with military and political threats from abroad.

Through a variety of institutions we are providing part of the capital needed for the basic facilities essential to growth. The Development Loan Fund is our newest financial instrument. And we are continuing to provide financing through the Export-Import Bank. The International Bank and the International Monetary Fund are, of course, now expanding their resources very substantially as a result of an American initiative.

We have now joined other members of the International Bank to implement our previous proposal that the Bank be given a new and more flexible tool for development through the creation

of an international Development Association.⁶ We have recently joined with the other American countries in creating the Inter-American Development Bank,⁷ which will soon begin to play an important role in the progress of Latin America.

Our P.L. 480 program provides resources in the form of foods and fibers to fill compelling needs which cannot, as yet, be met by developing countries through normal trade possibilities.

Encouragement of Private Investment

We realize that the present magnitude of the needs of the economically underdeveloped countries makes large-scale government help urgent. At the same time, through tax and other incentives, we are encouraging increased private investment and exploring every practical way to stimulate the flow of such investments, with all their many and varied technological skills and technical know-how, to the less developed countries. Let no one minimize or disparage the importance of this source and sort of assistance. As you know, at least one nation which has but recently reached the front ranks of modern industrialization is now seeking billions of dollars worth of credits and technical aid from American private industry for the purpose of developing a modern chemical and plastics industry and promoting automation in its economy.

Because we in the United States recognize the contribution private American business can make toward speeding the process of growth in underdeveloped areas, we are constantly seeking to give every proper encouragement to the American private investor to export his capital and his skills. They are both scarce resources in the free world today. By putting their funds and their management talents to work abroad, American investors and their counterparts in other countries not only develop effective enterprises; they also stimulate local economic undertakings and progress by the influence of our example.

In keeping with these aims the United States is continuing to expand its investment guarantee programs to facilitate the flow of private Ameri-

can capital and enterprise overseas. Government guarantees are available against inconvertibility and losses by reason of expropriation and war.

Bilateral agreements are now in effect with 42 countries by which the United States Government makes available insurance for private investment overseas against noncommercial risks.

Investment guarantee contracts issued thus far total more than \$430 million, and public interest, as measured by pending applications, remains high. Under separate programs administered by the International Cooperation Administration and the Development Loan Fund, only economically underdeveloped areas are eligible for such guarantees.

These are among the cooperative efforts to assist economic development which my Government cites in its reply to Resolution 1316 (XIII).

I should like to single out for brief comment one of the principal United States instrumentalities for development aid, the Development Loan Fund. This United States corporation was created in 1957 to support long-range growth of the economically less developed nations. The DLF undertakes financing only when funds are not available on reasonable terms from private investors, the World Bank, the Export-Import Bank, or other sources. The terms are flexible and are adjusted to meet the repayment capacity of the borrower.

The Development Loan Fund has now been functioning for over 18 months. The following aspects of its operations should be of particular interest:

First, by July 31, 1959, the DLF had committed \$835 million in loans to 40 countries;

Second, more than three-fourths of the amount lent to date provides for repayment in *local* currency, a great boon to underdeveloped countries with balance-of-payments problems;

Third, the average interest rate charged by the DLF for economic overhead loans is 3½ percent. This is well below what it costs the United States Government itself to obtain the money;

Fourth, about half of the loans already made are for construction of basic facilities in transportation, power, and communications, and the remaining half are largely for various forms of industry;

Last, but not least, nearly all of the loans

⁶ For background, see BULLETIN of Oct. 19, 1959, p. 531.

⁷ *Ibid.*, May 4, 1959, p. 646; June 8, 1959, p. 849; and June 22, 1959, p. 928.

approved are going to underdeveloped areas of the world.

Foreign Trade

All of the specific actions which I have mentioned, when taken together, provide a coherent and rounded attack on a most urgent problem of our time: the development of the economically underdeveloped areas of the world. Simultaneously, we are continuing our efforts to break down barriers to trade so that the peoples of the less developed lands may find markets for the goods which they must sell if they are to prosper.

In the field of foreign trade policy the United States continues vigorously to pursue its traditional aims of expanding international trade on a multilateral nondiscriminatory basis. It continues to support a liberal import policy. That this policy is being actively followed is evidenced by the fact that imports into my country are at an alltime high.

Among the industrially advanced countries there is to be noted an improvement in the balance-of-payments situation. This further permits the easing of trade restrictions by countries whose export earnings are largely in convertible currencies. We can now press forward more vigorously to free international trade from discrimination and restrictions.

It is heartening to note that substantial progress has already taken place. We appreciate the recent steps taken by several countries—Australia, France, Malaya, the Netherlands, and the United Kingdom, among others. It is not for our benefit alone that we welcome such action. The United States, for example, strongly supported the hopes of Japan at the recent meeting of the GATT⁸ for full and equal treatment under the General Agreement on Tariffs and Trade. At the same meeting the United States also welcomed the expression of intent by the European Economic Community to emphasize the liberal orientation of its trade relations with the rest of the world.

In the GATT the United States proposal for a new round of multilateral tariff negotiations, aimed at further reductions of tariffs and other barriers to trade, was approved by the Contracting Parties in May 1959.⁹

⁸ For background, see *ibid.*, Nov. 16, 1959, p. 703, and Dec. 7, 1959, p. 843.

⁹ *Ibid.*, June 22, 1959, p. 917.

The United States joined with the other Contracting Parties at the 13th session of the GATT¹⁰ to set up three committees on the expansion of trade and is taking an active part in the work of the three committees.

Of direct interest to members of this committee is the task assigned to Committee III of GATT, which is considering measures for the expansion of export earnings of the less developed countries and the development and diversification of their economies. We await the outcome of GATT's inquiries into this extremely important subject with the knowledge that any measures which this expert body recommends will commend widespread attention and respect.

Primary Commodities

In the long run, progress in the trade field is at least as important to economic growth as is the provision of financial assistance. One aspect of the subject of trade which has occupied the time of so many international bodies concerns the complex issues of production and trade in primary commodities.

While the economies of the industrial countries have been expanding, many of the less developed countries have continued to face serious economic problems. The progress of a number of these countries has been held back by the exceptional difficulties which they face in their struggle to achieve self-sustaining economic growth. Also their problems have been intensified in recent years by the general decline in the prices of primary products, although some improvement of these prices is now to be noted.

As we all know, expanded trade is vitally important to the growth of these countries. Capital alone can do only part of the job. Imports must be relied upon to supply most of the capital equipment for new industries, some of the food needed for the nourishment of rapidly increasing populations, and some of the raw material supplies for manufacturing. As populations grow, living standards improve and diversification and industrialization progress. Import needs can be met by an inflow of capital from the industrialized countries. However, less developed countries must export if they are to achieve adequate economic growth.

¹⁰ *Ibid.*, Dec. 8, 1958, p. 930.

We must continue to search for practical solutions. The preliminary reports of GATT Committee II, relating to agricultural protectionism, and GATT Committee III, relating to specific barriers to exports from less developed areas, represent a beginning. We may also take encouragement from the steps which have been taken to deal cooperatively with the problems of individual commodities. The activities of the GATT, the United Nations Commission on International Commodity Trade, the Food and Agriculture Organization, and the specialized commodity study groups represent a broad, well-balanced approach to the trade problems of the less developed countries.

The improvements that will come in the trade of Asia, Africa, and Latin America will not be the result of any single spectacular development but will flow from a variety of changes, large and small, brought about by the conscious efforts of governments and other forces. One of the points of strength in the current situation is the widespread recognition that this is so.

Cooperation for Economic Development

Fortunately we are not alone in these efforts. National programs combined with those in the international field constitute a cooperative venture in which the United States is being joined with increasing vigor by more and more of the other industrialized nations of the free world whom we have also helped to achieve their postwar economic recovery and to attain new heights of production and prosperity. In addition to their increasing participation in the effective work of the World Bank, whose capital is being doubled, and the International Monetary Fund, whose resources are being increased by 50 percent, several of the leading industrial nations last year made further governmental contributions to development through either grants or loans. Many of these programs were reported by governments in their replies to Resolution 1316 (XIII).

The flourishing economies of the other more industrially developed nations of the free world enable them to assume a growing share of the responsibility for assisting the developing countries. We believe that they will accept increased responsibility according to their capabilities. We also feel that the time has come for better coordi-

nation of free-world development efforts. An expanded and truly cooperative effort can lead to a new era in international development. Nothing is beyond the capacity of the combined economic power of the free world.

In keeping with these aims, as I mentioned a few minutes ago, the United States Government at the recent meeting of the International Bank proposed the establishment of an International Development Association. The statements made by distinguished representatives of member governments at that meeting of the Bank reveal that, apart from several technical problems which will undoubtedly be carefully considered by the Executive Directors of the Bank in drafting an IDA charter, there is broad agreement in principle on the proposal itself. In fact the U.S. proposal was endorsed unanimously by the Board of Governors.

In this connection, I should like to quote from the statements of some delegates to the Bank meeting. They expressed the views of many other delegates.

For example, the Indian delegate said:

In this context, I welcome the important proposal brought forward by my colleague, the Governor for the United States, for fashioning another instrument to help the cause of development, viz., the International Development Association. . . . The World Bank has done a great deal in the field assigned to it, but there are other types of needs which the Bank cannot cater for. The underdeveloped countries have long felt the need for an agency which could make available long-term assistance, repayable, at least in part, in local currencies. I, therefore, welcome the proposal, and, if I may add, I am particularly happy that the IDA will be an affiliate of the Bank and will have at its disposal all the experience and expertise of the Bank.

The delegate of the United Arab Republic said:

The Government of the U.A.R., after a careful study of the proposal concerning the creation of an International Development Association, finds itself in general agreement with it and welcomes its establishment. We fully agree with the proposal to create another financial institution which will make loans to finance carefully studied and economically sound projects and will accept repayment of these loans in local currencies and at a reasonable rate of interest. Such an institution will alleviate the foreign exchange burden of development on the underdeveloped countries and correct some of the effects of the unfavorable trends existing today.

The United States concept of this broad new venture in multilateral aid was explained by C. Douglas Dillon, our Under Secretary of State,

at the recent meeting of the International Bank. Mr. Dillon said:¹¹

The IDA is a new concept in international lending institutions. It is important, therefore, that the charter of the IDA leave a substantial measure of discretion to the institution itself to determine how its funds can best be spent and on what terms. We would expect that the high technical standards of the World Bank would apply to loans made by the IDA. However, it may be appropriate in some circumstances for the IDA to consider, for example, financing pilot projects in some fields of social overhead of a type which contribute to productivity and development but which are not financed by the World Bank. This is an area in which expenditures in the currency of the borrower are likely to be required, and this could be one of the uses of the local currencies I mentioned earlier. In developing the pattern of its operations, we would expect the IDA to maintain the closest working relationships with the representatives of the less developed countries so as to insure that its efforts will be directed to meeting the most important development needs in the best ways possible. Finally, we look upon the IDA as a proposal to increase the total flow of development capital to the less developed areas and not as a substitute for bilateral assistance from the industrialized countries.

In fact, Mr. Chairman, the scope of the IDA and the terms of its loans will, as many member countries have observed, be substantially like those envisaged by the more serious proponents of a U.N. development fund. The main difference is that the IDA will be much bigger—four times as big as the capital mentioned for a U.N. development fund—and that it will be affiliated with the International Bank. Since loans, whether commercial or “soft,” are essentially a banking function, my Government considers it logical that they should be made by an institution affiliated with the U.N.’s specialized agency in this field, the International Bank. For the same reason we accord the preeminent role in health to the WHO, in labor to the ILO, and in food and in agriculture to the FAO.

Discussions of IDA at the same meeting of the Bank made it clear that an overwhelming majority of finance ministers, from both the more and from the less developed countries, agreed with this concept of operation.

Mr. Chairman, the launching of two new international capital development funds of great magnitude, the Inter-American Development Bank and the International Development Association,

within the span of a single year is an event which could scarcely have been hoped for only a few years ago. With planned capital resources approximating \$2 billion, these institutions are new giants in the field of multilateral capital financing assistance to underdeveloped countries. The International Bank, which pioneered this type of financing, has set them a brilliant example.

The Human Problem

Mr. Chairman, the unremitting efforts of the American people, in cooperation with other free peoples everywhere, to assist the economically underdeveloped and poorer nations, are impressive in material terms. This is not, however, the full story. We face a human problem. Economic and social progress, no matter how important, cannot be divorced from the progress of freedom and justice especially in our increasingly interdependent world. It would be a hollow victory, if indeed it could be regarded as a victory at all, were economic gains to go hand in hand with political despotism and economic slavery.

In this spirit we of American labor have continually impressed upon our Government and private investors the importance of their encouraging the efforts of the working people in the countries now becoming industrialized to build trade unions of their own free choice—genuine, free trade unions, free from domination or control by employers or governments. We of American labor think that it is absolutely necessary for the freedom and economic health of these countries that they have strong, free trade-union movements with full opportunity for genuine collective bargaining and decent working conditions.

Remember, increased productivity, though very important, is not necessarily the same as prosperity. Only through self-reliance and freedom can the worker and farmer and, yes, the intellectual too, secure that self-respect and human dignity and the social instruments with which to assure him a just share in the benefits of modern technology. The right of individuals everywhere to live in freedom, the right of people and of nations to determine their own political destinies and their own social goals, must keep pace with increased economic well-being.

Though peoples of free nations cry out for peace, they are determined to achieve it with justice and freedom. In the work to which I have

¹¹ *Ibid.*, Oct. 19, 1959, p. 531.

devoted my lifetime, those who are associated with me in the free labor movement hold views which are neither vague nor timid concerning the importance of free institutions.

Only free individuals and free nations, joined together, can attain fully the objectives toward which the United Nations strives. We cannot and should not overlook the fact that totalitarian states, in offering economic aid to underdeveloped nations, have no purpose in mind except the ultimate enslavement of others. Their proffers of aid are clearly concentrated on countries where the opportunities for the subversion of governments are greatest. Their financial support of important United Nations activities to promote the economic development of the less prosperous areas of the world is woefully inadequate. Their lenders of even such nominal assistance always have strings attached.

We would wish that the actions of such states were otherwise. But, undoubtedly, it is the fundamental nature of totalitarian states, in which individual human beings count for so little, to use promises of economic aid and trade as naked political weapons.

In contrast, when free nations undertake the task of assisting one another, they do not seek to remold other nations in their own image. Our only aim is to help the economically less developed nations grow as free and independent societies capable of assuming, in the words of our Declaration of Independence, "among the Powers of the earth, the separate and equal station to which the Laws of Nature and of Nature's God entitle them."

This aim was well stated by a great American who died last month, the late George Catlett Marshall, in proposing the plan which was popularly called by his name. General Marshall said:¹²

It is logical that the United States should do whatever it is able to do to assist in the return of normal economic health in the world, without which there can be no political stability and no assured peace. Our policy is directed not against any country or doctrine but against hunger, poverty, desperation, and chaos. Its purpose should be the revival of a working economy in the world so as to permit the emergence of political and social conditions in which free institutions can exist.

If we can patiently, imaginatively, and with

¹² *Ibid.*, June 15, 1947, p. 1159.

determination continue on the paths which so many dedicated men and women have blazed, then the people who have for generations lacked so much that is vital to their health, happiness, and freedom can one day be emancipated from the terrors of disease and hunger. They, too, can then live in dignity and freedom. We shall do our all until they will. Of that, you can rest assured.

U.S. Views on Agrarian Reform

Statement by Horace E. Henderson¹

The U.S. delegation welcomes the opportunity to discuss the important subject of agrarian reform in the context of FAO's objectives and program, for here in FAO we can consider agrarian reform in the broad technical framework of rural institutions and services and in relationship to agricultural productivity.

United States delegations have made clear in previous sessions of the United Nations and in FAO that we recognize that sound land reform or agrarian reform is in some countries essential to economic and social development. We reaffirm our support for the concepts of land reform as embodied in resolutions of the General Assembly of the United Nations, the Economic and Social Council, and the FAO Conference. We regard these resolutions as statements of general objectives under which each government develops for itself, both at the national and at the local level, those laws and institutions for implementing the objectives of land reform which are best adapted and are most practicable to meet the physical, economic, and social conditions of the country.

Before presenting our suggestions concerning the specific action which we believe this Conference might appropriately take on this topic, I should like to make a few comments about the U.S. concept of land reform, land tenure and settlement experience in the United States, and the work of FAO and other U.N. agencies.

¹ Made on Nov. 9 before the 10th session of the Conference of the Food and Agriculture Organization, which met at Rome Oct. 31–Nov. 20. Mr. Henderson, who was an alternate member of the U.S. delegation, is Deputy Assistant Secretary of State for International Organization Affairs.

In the view of the United States Government the term "agrarian reform" means primarily the improvement of agricultural institutions with the objective of improving rural levels of living. These institutions pertain to such methods as the holding and transmitting of rights in land through ownership and tenancy, allocating returns to land between owners and tenants, taxing land values and land income, extending credit for land purchase and farm operation, developing marketing procedures and broader opportunities for education and training, health and welfare, and disseminating information relative to resource utilization on the farm and in rural areas.

Land Tenure and Settlement Policies in the U.S.

For illustrative purposes only, may I comment on some U.S. experience in connection with land tenure and settlement policies. We realize that these policies have been developed under unusually favorable circumstances, for which we as a people are most grateful. We do not suggest that our experience is directly applicable to other countries. We do suggest, however, that elements of this experience may have some bearing upon some of the problems faced by other countries, and to this extent our comments may have some value for those governments which are trying to pursue the same objectives as ours.

Land tenure and settlement in the United States have been guided mainly by two broad policies: (1) Individuals should have the opportunity to combine land with their labor and other resources so as to permit maximum individual returns and through this means to provide the maximum social product; and (2) ownership of, and returns to, land should be widely distributed, principally among those who farm the land. A related but more general principle, that all citizens should have an opportunity to earn at least a minimum level of living, has also affected the agricultural policies of the United States.

The land policies of the United States have been implemented largely through the system of private ownership of property. Although land use can be influenced directly by the fiscal powers of the Government, primary reliance for the achievement of national objectives has been on the individual decisions of private holders. Similarly, adoption of the results of publicly supported re-

search in agricultural science has been fostered by education but remains a voluntary decision of individuals.

Land settlement in the United States took place in accordance with the precepts of widely dispersed ownership and individual enterprise and investment. Most agricultural land was transferred rapidly from public to private hands before the present century. Today the few transfers from State and Federal governments to individuals take place primarily on newly developed irrigation projects, on small detached tracts to inconvenient for Government to manage, and in the new State of Alaska. Public support of settlement and development of private lands, however, has taken the form of irrigation, drainage, flood protection, and credit.

The purchase of many farms has been possible through the lending facilities of private investors, Federal land banks, loan associations, the Farmers Home Administration, and the Veterans' Administration. Many of the loans undertaken through these agencies require farms so purchased to be of an economic size and borrowers to demonstrate capabilities for good farm management.

Most of the settlement of farmers in the United States is done on an individual rather than a community basis. However, experience in public development, as in the Tennessee Valley and the West, and private development, as in the Mississippi Delta and other parts of the South, may be helpful to some countries in their settlement schemes.

For those who are interested, Mr. Chairman, I have with me a very few copies of a recent summary entitled "United States Experience With Selected Aspects of Agrarian Reform." I should be very glad to make these few copies available to delegations.

Role of FAO and Other U.N. Agencies

As the U.S. delegation stated in the general debate, my Government took a leading part in the U.N. Economic and Social Council and the FAO Conference in developing the basic resolutions on land reform which have provided the guidance for the work of FAO and other interested United Nations organizations since 1951. I believe it would be well to remind ourselves that in those resolutions we all agreed that land reform or agrarian re-

form as considered in FAO embraces a whole series of institutional measures, no one of which can be successfully treated apart from the others. These include such measures as may be appropriate in each individual country regarding such matters as security of tenure, opportunity to acquire ownership of land, organization of land holdings of efficient size, provision of agricultural credit, provision of agricultural education, and technical services to the farmer, to mention only a few.

Several useful reports on progress in land reform prepared largely by FAO, with the cooperation of the U.N. and other agencies, have been considered by the Conference and Council in previous sessions. The major effort now under way in the United Nations family is the proposed comprehensive report on "Trends in Land Reform," to be available for consideration by the U.N. Economic and Social Council and by FAO in 1962. The report is to provide comprehensive information and evaluation of trends, developments, and techniques in different countries. FAO has the principal responsibility within the U.N. family for assembling the data and preparing the report, but the United Nations itself, because of its concern with economic development, and the ECOSOC, because of its concern with the living standards of both rural and urban workers, also will have important contributions to make.

We hope that a number of governments will invite FAO to cooperate with them in evaluating specific aspects of their agrarian reforms, as such practical studies would contribute greatly to the usefulness of this comprehensive report. We should appreciate some indication from the Director General as to the plans under way for the preparation of this report, including the extent of cooperation he is receiving from other agencies and from private research institutions.

We have already commented in Commission II on the program of work of FAO in this field, which we consider to be technically sound. My Government has been happy to participate in several of the seminars or centers sponsored by FAO, such as the Near East Center in Iraq, the Far East Center in Ceylon, and the Latin American Center in Brazil. We look forward to taking part in the seminar on land settlement in Montevideo later this month. I am sure that, out of the discussion in the Committee on Agriculture, all of us will have a clearer idea of the objectives and approach of the Organization and of the practical ways in

which FAO, even with modest resources, can be of assistance to governments in developing sound institutions for improving the welfare of the man on the land within the framework of sound economic and social development of the country as a whole.

In conclusion, Mr. Chairman, I should like to suggest that the action of this Conference might be along the following lines: (1) a recognition in our report of the importance of this whole problem for the welfare of rural populations and for economic and social development generally; (2) a reaffirmation of the broad, comprehensive approach to agrarian reform as embodied in Resolution A/1542 of the General Assembly, Resolution E/2124 of the ECOSOC, and FAO resolutions on the same subject; (3) a recommendation that member governments participate actively with the Director General and his staff in providing significant factual information and analyses of specific aspects of land reform or agrarian reform as defined in the above-mentioned resolutions for incorporation into the 1962 report for the U.N. Economic and Social Council; and (4) that the Director General's program of work in this field be approved in the light of such recommendations which may emerge from discussions in the Committee on Agriculture of Commission II.

United States Delegations to International Conferences

ECE Housing Committee

The Department of State on November 24 (press release 816) announced the designation of Ernest J. Bohn, director, Cleveland Metropolitan Housing Authority, as U.S. delegate to the 19th session of the Housing Committee of the United Nations Economic Commission for Europe (ECE), which is scheduled to be held at Geneva December 7-11.

The Housing Committee was established as a subcommittee of ECE in July 1947 and became a full committee in 1955. Its purpose is to study housing problems of common interest to European countries and advise the Commission on the means, technical and economic, of assisting and expediting the housing programs of the member countries.

The Department also announced the designation of J. Robert Dodge, director of the Division of Documentation, Office of International Housing, Housing and Home Finance Agency, as alternate U.S. delegate. Mr. Dodge will serve as *rapporteur* on the subjects of rural housing, housing finance, and urban renewal and slum clearance policies.

Current U.N. Documents: A Selected Bibliography ¹

Security Council

Report of the Security Council Sub-committee Under Resolution of 7 September 1959. S/4236. November 5, 1959. 80 pp.

Letter Dated 12 November 1959 From the Permanent Representative of India Addressed to the President of the Security Council Concerning Kashmir. S/4238. November 12, 1959. 2 pp.

General Assembly

Executive Committee of the High Commissioner's Programme. Report on the Second Session of the Executive Committee of the High Commissioner's Programme, Geneva, October 6-9, 1959. A/AC.96/53. October 14, 1959. 24 pp.

United Nations Korean Reconstruction Agency. Progress report of the Administrator for Residual Affairs of the Agency, October 1, 1958-September 30, 1959. A/4263. November 9, 1959. 52 pp.

TREATY INFORMATION

Current Actions

MULTILATERAL

Telecommunication

Telegraph regulations (Geneva revision, 1958) annexed to the international telecommunication convention of December 22, 1952 (TIAS 3266), with appendixes and final protocol. Done at Geneva November 29, 1958.²

Notification of approval deposited: United States, October 28, 1959.

¹ Printed materials may be secured in the United States from the International Documents Service, Columbia University Press, 2960 Broadway, New York, N.Y. Other materials (mimeographed or processed documents) may be consulted at certain libraries in the United States.

² Not in force.

BILATERAL

Australia

Agreement for the reciprocal acceptance of certificates of airworthiness for imported aircraft. Effected by exchange of notes at Washington November 20, 1959. Entered into force November 20, 1959.

France

Convention of establishment, protocol, and declaration. Signed at Paris November 25, 1959. Enters into force 1 month after exchange of instruments of ratification.

India

Agreement supplementing the agricultural commodities agreement of November 13, 1959. Effected by exchange of notes at Washington November 20 and 23, 1959. Entered into force November 23, 1959.

Pakistan

Agreement amending the agricultural commodities agreement of November 26, 1958, as amended (TIAS 4132, 4257, and 4331). Effected by exchange of letters at Karachi November 2 and 5, 1959. Entered into force November 5, 1959.

Sweden

Agreement amending the agreement of November 20, 1958 (TIAS 2653), for financing certain educational exchange programs. Effected by exchange of notes at Stockholm November 20, 1959. Entered into force November 20, 1959.

Union of Soviet Socialist Republics

Agreement on cooperation in exchanges in the fields of science, technology, education, and culture in 1960-61. Signed at Moscow November 21, 1959. Enters into force January 1, 1960.

United Arab Republic

Agricultural commodities agreement under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (68 Stat. 455; 7 U.S.C. 1701-1709), with exchange of notes. Signed at Cairo November 14, 1959. Entered into force November 14, 1959.

Uruguay

Agreement further supplementing the agricultural commodities agreement of February 20, 1959, as supplemented (TIAS 4179 and 4238). Signed at Montevideo November 16, 1959. Entered into force November 16, 1959.

DEPARTMENT AND FOREIGN SERVICE

Recess Appointments

The President on November 23 appointed Edward Page, Jr., to be Minister to Bulgaria. (For background, see biographic details, see Department of State press release 815 dated November 23.)

Agriculture

- Building Growth in Freedom: Greatest Challenge of the Sixties (Dillon) 855
 U.S. Views on Agrarian Reform (Henderson) 887
 Albania. Albanian Independence Day 866

Atomic Energy

- Secretary Herter's News Conference of November 24 860
 United States Experts Named for Geneva Technical Talks 859

- Bulgaria. President Names Edward Page U.S. Minister to Bulgaria 866, 890

Congress, The

- Congressional Documents Relating to Foreign Policy 874
 Some Implications of Soviet Economic Development (Dulles) 867

Department and Foreign Service

- President Names Edward Page U.S. Minister to Bulgaria 866
 Recess appointments (Page) 890

Economic Affairs

- Building Growth in Freedom: Greatest Challenge of the Sixties (Dillon) 855
 Economic Development of Underdeveloped Countries (Meany) 878
 Mr. Dillon and European Officials Discuss Economic Subjects 862
 Secretary Herter's News Conference of November 24 860
 Some Implications of Soviet Economic Development (Dulles) 867

- Educational Exchange. NATO Council Announces 1960-61 Fellowship Program 874

Europe

- ECE Housing Committee (delegation) 889
 Mr. Dillon and European Officials Discuss Economic Subjects 862
 Secretary Herter's News Conference of November 24 860

- Germany. Secretary Herter's News Conference of November 24 860

- Hungary. U.N. General Assembly Agrees To Discuss Hungarian Question (Lodge) 875

International Organizations and Conferences

- ECE Housing Committee (delegation) 889
 United States Experts Named for Geneva Technical Talks 859
 U.S. Views on Agrarian Reform (Henderson) 887

- Middle East. Secretary Herter's News Conference of November 24 860

- Mutual Security. Secretary Herter's News Conference of November 24 860

North Atlantic Treaty Organization

- NATO Council Announces 1960-61 Fellowship Program 874
 Secretary Herter's News Conference of November 24 860

Panama

- Panama Reassured on Titular Sovereignty in Canal Zone (Merchant) 859
 Secretary Herter's News Conference of November 24 860

- Treaty Information. Current Actions 890

U.S.S.R.

- Secretary Herter's News Conference of November 24 860
 Some Implications of Soviet Economic Development (Dulles) 867

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Press releases may be obtained from the Office of News, Department of State, Washington 25, D.C.
 Release issued prior to November 23 which appears in this issue of the BULLETIN is No. 801 of November 17.

No.	Date	Subject
815	11/23	Page designated Minister to Bulgaria (rewrite).
816	11/24	Delegation to ECE Housing Committee (rewrite).
817	11/24	Merchant: talks with Panama officials.
818	11/24	Delegation to Geneva technical talks.
819	11/24	Herter: news conference.
820	11/25	Convention of establishment signed with France (printed in BULLETIN of December 7).
821	11/25	Dillon visit to Europe.
*822	11/25	Cultural exchange (Europe).
†823	11/27	Advisory Committee on Inter-American Affairs.
824	11/27	Albanian independence day.
†825	11/28	Report on private investment opportunities in Thailand.

*Not printed.

†Held for a later issue of the BULLETIN.



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